

Trade Events

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# EXPORT *America*

July 2001 Volume 2 Number 9  
<http://exportamerica.doc.gov>

THE FEDERAL SOURCE FOR YOUR GLOBAL BUSINESS NEEDS

## The Western Hemisphere: Trade Takes a Front Row Seat

### *Inside:*

- Building a Foundation for Freedom
- Doing Business with the UN
- Helpful Hints on Exporting to Africa





## THE WORKSHOPS WILL EXPLAIN:

- The scope of the Export Administration Regulations.
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August 22-23, 2001  
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**AUGUST 22 - 23, 2001**

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**Questions?**

For more information on the topics covered, please call BXA's Western Regional Office at (949) 660-0144 and for arrangement or registration, please call the Los Angeles Export Assistance Center at (213) 894-3966.

**NOTE:**

The Western Regional Office of the Department of Commerce, Bureau of Export Administration is a State Bar of California approved MCLE provider. This course is worth 12 hours of MCLE credit. However 0 hours will apply to legal ethics/law practice management; prevention, detection and treatment of substance abuse and emotional distress; and elimination of bias.

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# EXPORT America

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*Prepared with the assistance of the U.S. & Foreign Commercial Service*

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COVER BY DANIEL STAFFORD



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W

hat covers 16.2 million square miles; roughly 38 percent of Earth's total landmass, spans nine time zones, makes up 34 democratic countries and is home to more than 800 million people who speak over 14 different languages?

The Continents of North and South America.

stability in our hemisphere and around the world.

The United States and the other countries of the Western Hemisphere share not only a common geography, but also common economic and political goals. The United States is party to only two of approximately 30 free trade agreements currently in place in this hemisphere. We are, however, making progress toward the elimination of trade barriers with our Western Hemisphere compatriots. The U.S. is in negotiations with Chile to develop a NAFTA-like trade agreement and the Free Trade Area of the Americas (FTAA) is on track to be implemented in 2005.

Tearing down barriers to trade and commerce for goods, services and capital promises a higher standard of living for all Americans – North, Central and South. The opening of markets goes beyond simply increasing wealth and physical comfort; it enhances the quality of life for all of our citizens. Free and open trade is an important foundation for democracy, social freedom and political

Our feature this month focuses on the importance of trade in the Western Hemisphere and what is on the horizon for our future relationships in this part of the world. We take a look at recent progress on the FTAA and discuss business opportunities in regions throughout Latin America and the Caribbean.

Next month, we examine the prospects for exporting consumer goods such as recreational equipment (i.e. motorcycles, boats, toys) and hear from the Customs Service about plans to modernize their systems.

I want to take this opportunity to invite you to visit our website (<http://exportamerica.doc.gov>) where you can view past issues, read about what is in the works for the next month, subscribe or just e-mail us with questions or comments. Until next month, good luck in your exporting endeavors and send us any comments, questions or article suggestions at [Export\\_America@ita.doc.gov](mailto:Export_America@ita.doc.gov)



Cory Churches

Cory Churches  
Editor

# BUILDING A FOUNDATION FOR FREEDOM

*The following is excerpted from a speech that Secretary Evans delivered during the recent Americas Business Forum in Buenos Aires, Argentina in April.*

A top trade priority of the United States is working with our neighbors in the Americas to strengthen democracy and broaden economic opportunities through free trade.

Let me say at this point that we have a very strong foundation to build on despite some weaknesses in the economy in the U.S. and in other places around the hemisphere. I see a great future for continued economic growth. We're working on freeing up trade opportunities and there is vitality in the economies that are moving forward throughout the Americas, fueled by continuing technology and transportation innovations.

We must work to spread the benefits that come from open markets, whether it's higher incomes, better education, better health care or more jobs. In short, we want to see meaningful progress on liberalizing trade in the Western Hemisphere so we can make this new century "the Century of the Americas," as noted by President Bush.

And we're off to a good start.

## FREE TRADE AREA OF THE AMERICAS

We are very supportive of the Free Trade Area of the Americas (FTAA) process. The goal is to have an

agreement by 2005...but we say the sooner the better. In December 1994 at the first Summit of the Americas, the 34 other democratically elected leaders in the Western Hemisphere committed to establish the FTAA by 2005, laying the groundwork for the agreement. Negotiations began in earnest following the second Summit of the Americas in April 1998. After nearly three years of negotiations and conclusion of the third Summit, 2005 is within our grasp.

Success is inevitable. Why? Because we've got a winning proposition with this proposal. All of us have an opportunity to gain open access to a \$13 trillion market with 800 million consumers.

You know...I don't see trade as a zero sum game, where someone has to lose, so someone else can win. But this is the practical result of the burdensome trade and tariff systems we wrestle with today. When you step on the field, you should be allowed to go as far and as fast as your abilities and ambitions allow. Indeed, government shouldn't be in the business of picking winners and losers.

So, let's give everyone the opportunity to succeed by rolling up our sleeves and doing the heavy lifting so we can put together a successful free trade agreement. And why not start by implementing the already agreed-upon business facilitation package: speeding

up express shipments, simplifying procedures for low-value shipment transactions and for goods related to business travel; and developing national codes of conduct for customs officials. By implementing the package, we'd be getting a head start on the process of liberalizing our markets.

## BUSH ADMINISTRATION TRADE POLICY

During his campaign last year, President Bush emphasized the value of trade and commerce, and has maintained a strong focus on these issues since taking office. He fully understands and appreciates the importance of foreign commerce having been governor of a border state where he worked closely with Mexico and business on many issues, including trade. So he knows full well that trade is a major contributor to economic expansion in all our nations...growing businesses and creating jobs.

To this end, our administration's trade agenda leans heavily on promoting open markets. We are strongly committed to liberalizing global trade for three important reasons:

One...it is no coincidence that the longest period of sustained economic growth in our history has followed the negotiation of trade liberalizing measures like the North American Free Trade Agreement (NAFTA) and the Uruguay Round Agreement that created the World Trade Organization

(WTO)... approaches which ensure that the private sector — not government — is the dominant presence in trade relations.

The government's role, then, is to create the environment in which the private sector can do what it does best...produce jobs and wealth. It is independent initiative, imagination and vision...in short, it's the entrepreneurial spirit that drives economic growth. All public policy, then, must be designed to promote a free and open marketplace that encourages entrepreneurship...that promotes innovation and risk taking.

Two...free trade also promotes freedom. President Bush says "economic freedom creates habits of liberty...and habits of liberty create expectations of democracy." The history of the past century shows that as less developed nations have grown wealthier, their peoples have seen improvements in education and greater access to information and knowledge. These are what make freedom flourish.

And three...open markets and liberalized trade promote communication, understanding and opportunity, all of which contribute positively to the security and peace of all nations.

Just look at the Americas in this regard. Freer trade opportunities have gone hand-in-hand with a more peaceful and secure hemisphere.

#### DEPARTMENT OF COMMERCE AND TRADE OPPORTUNITIES

As the administration moves forward with our trade agenda, my charge and mission is to bring vision, energy and a strong commitment for promoting ways to expand trade opportunities as globalization continues.

One area in particular in which the Department of Commerce has been,

and will remain very active, is connecting businesses to the global digital economy. I've met with many business people and officials and they're very engaged in this.

The United States has been working with our trading partners in the Americas to promote e-commerce opportunities. On our side, we have implemented various e-commerce orientation programs for government officials; established IT Trade Missions; conducted Small Business Seminars; and launched a web site, BuyUSA.com that matches local buyers with U.S. suppliers of products and services.

We also have a corps of commercial officers on staff at our embassies throughout the hemisphere. Obviously, their focus is helping U.S. businesses. But trade is a two-way street. And when they match businesses up and deals are cut, both countries ultimately benefit from the increased economic activity.

We have set a clear direction. Now, how do we get where we want to go?

The first thing we have to do is get our negotiators off the sidelines and back into the game. To do that, this administration is working with the U.S. Congress to secure presidential trade promotion authority. This will allow our negotiators to re-enter the game with the authority to negotiate far-reaching trade agreements...like the FTAA. It serves no one's interest to keep America's negotiators on the sidelines.

And looking ahead at what else is on our plate, U.S. goals include securing a free trade agreement with Chile, which has been on the drawing table longer than many of us would like. We must also press ahead with the renewal of the Andean Trade Preference Act. Work on both these pacts can proceed as we make progress on the FTAA.



U.S. & Foreign Commercial Service

Secretary Evans and Argentine Minister of Economy Domingo Cavallo exchange pleasantries before their meeting.

#### PARTNERSHIP FOR THE AMERICAS

I think we can all agree that government has a responsibility to expand economic opportunities for our business owners and workers by opening trade and commerce. Free men and free markets have always been where the wealth of nations is best created.

I say this as a former businessman, who made a payroll, dealt with government regulation, answered to shareholders, and believed that our biggest asset was our employees.

As leaders of the business community, you also bear a large measure of responsibility to the 800 million citizens who live within our hemisphere. You need to make sure that we—as your representatives—achieve agreements that truly break down barriers and enhance trade opportunities for the peoples of our countries. I know you take this responsibility to heart. ■



## GLOBAL NEWS LINE

### THAILAND

As the world's fifth largest food exporter and only net food exporting country in Asia, Thailand is a prolific producer not only of rice but a broad array of tropical agricultural products. Thailand's large food processing sector is comprised of more than 8,000 factories employing 570,000 people and in recent years has attracted major multinational investment from companies such as Nestle, Frito-Lay, Kellogg's and Ajinomoto. With the rapidly growing emphasis on food safety regulations in major world markets, Thailand's food exporters are facing an increasingly complex set of testing and labeling requirements.

While Thailand's larger food processors already are certified for having established HACCP systems and ISO 9000 qualifications, these companies will need to upgrade their testing capabilities to meet the increasing demands in export markets while smaller firms will need to become HACCP qualified. In addition, the newly elected Royal Thai Government's has the enhancement of Thailand's agricultural production and processing sectors one of its top priorities. The Commercial Service Bangkok has identified Thailand's laboratory and analytical instruments as one of the "best prospects" export areas. Market demand for analytical and testing instruments in 2000 grew by 19 percent and forecasts for 2001 imports are for another significant increase, with American firms being the country's number one supplier.

The Commercial Service of the U.S. Embassy in Bangkok is organizing a specialized trade exhibition and seminar entitled Food Safety Thailand: HACCP and Beyond: The two-day exhibition seminar will take place on September 26-27, 2001 in Bangkok, Thailand. For more information, please contact Commercial Attache David Gossack at Email: David.Gossack@mail.doc.gov or Commercial Specialist Nalin Phupoksakul at Email: nphupoks@mail.doc.gov.

### SINGAPORE

The Singapore Ministry of the Environment (ENV) will be conducting trials for compressed natural gas-powered (CNG) buses by end of this year and if successful, it will pave the way for CNG taxis as well as private passenger cars. CNG vehicles are considered very environmentally friendly as they burn more efficiently than petrol and emit less harmful pollutants.

After lead, sulphur is deemed to be the next most harmful vehicular pollutant. Sulphur in fuel results in emissions with sulphur dioxide and ultra-fine sulphur particulates but it occurs naturally in petrol, which has to be artificially removed during refining. The limit in Singapore is 100 parts per million (ppm) which could be reduced to less than 200 ppm within two years.

Whether lower sulphur content or using CNG, Singapore plans to move forward on both fronts as not only it improves air quality but also safer for the general public. There will therefore be opportunities in the years ahead for U.S. firms to provide the necessary technologies and processes that will meet vehicle emission standards internationally.

U.S. firms interested in obtaining more information should contact:

CHAN Yiu Kei  
Director  
U.S.-Asia Environmental Partnership  
Tel: (65) 476 9026  
Fax: (65) 476 9311  
Email: usaep@singnet.com.sg

### KOREA

Korean mobile phone operators are gearing up for 2.5-generation (2.5G) services, or CDMA2000-1x services, as TFT-LCDs with color and other special functions become available. SK Telecom, Korea's largest mobile phone service provider, has been providing

CDMA2000-1x service covering 23 major cities of the nation for about two months. The company has announced a plan to expand its service areas further to cover additional 81 metropolitan areas across the nation in the near future. On May 1, 2001, LG Telecom launched full-fledged commercial 2.5G service covering 97 major cities of the nation. The company stated that it had to spend only 200 billion won in upgrading its existing IS95A/B facilities to provide the service, in contrast to approximately 1 trillion won other companies had to invest in deploying new 2.5G network infrastructure. On May 2, 2001, KTF, the company recently created by the merger of KT Freetel and KT M.com, launched CDMA2000-1x service in metropolitan cities including Seoul, Incheon and Daejeon, with nationwide service to begin from July of this year. 2.5G services allow dramatically faster mobile services and wireless Internet-related applications than those currently possible, including video communication using mobile phones with cameras and high-speed Internet access. Compared with the speeds of 9.6Kbps to 19.2Kbps currently available, 2.5G services allow the transmission of high-speed, high-capacity data files at speeds up to 144Kbps.

### CANADA

Due to the postponement of deregulation in Ontario, the "Electrical Power in the 21st Century: A Focus on Canada" trade mission, seminar, and exhibition has been rescheduled for October 30-31, 2001. Recent reports by the Ontario Ministry of Energy state that the basic mechanics for a full opening of the market are in place, making the electrical power trade event an ideal venue for U.S. companies to seek new business opportunities in Canada's deregulating electricity markets.

"Electrical Power in the 21st Century" will provide participants with an understanding of Canada's electrical power market through an informative speaker



seminar program, roundtables with key decision-makers and buyers, and a targeted exhibition. The participation fee is US\$950. Contact Peter Dykeman, Project Manager at Tel: (416) 595-5412, ext. 226, or Email: Peter.Dykeman@mail.doc.gov for more information and to register for this unique trade event.

## ARGENTINA

**Resolution 60/01 by the Ministry of Economy (MEOSP) published on April 30, 2001, extended for another year, the application of minimum specific duties (DIEM) for imports of textile and apparel products included under Mercosur NCM/HS Chapters 51 through 63, established by Resolutions 1184/98 (by MEOSP) and its amendments.**

The DIEM application measure was initially enforced in December 1995 through Decree 998/95. Subsequently, through Resolution 1184/98 (by MEOSP) a schedule to gradually lower ad valorem equivalent to DIEMs for the aforementioned Chapters was established. However Resolution 920/99 (by MEOSP) amended the previous schedules, and Resolution 252/00 (by MEOSP) extended this measure until October 2000 as well as adjusted some other apparel HS lines. Finally Resolution 903/00 and the latest 60/01 (both by MEOSP) extend application until April 30, 2002.

According to WTO regulations, all apparel imports from member countries are subject to a maximum limit of 35 percent of the value of the imported goods. The Government of Argentina striving to protect some sectors affected by the flow of imports, such as textiles, has continued this measure.

Apparel enters the Argentine market under the Mercosur Common External Tariff of 22.5 percent for Mercosur imports or under the 35 percent tariff applicable to extra zone imports.

Parallel to this tariff, an average 13.05 percent variable specific duty (DIEM) is levied for apparel (thus whichever is higher, the 23 percent or the DIEM, is applied). The importer pays the higher of the two calculations: FOB value (Extra Zone) or weight (DIEM specific duties). The specific duties vary according to the product; however, one should expect to pay around 35 percent in import tariffs. DIEM ranges between \$2 and 25 per kilo. Also, a 21 percent value-added tax is charged on the CIF value plus an additional 9-10 percent in withholding for value added, depending on the frequency of imports (deductible from gross income tax).

## MULTILATERAL DEVELOPMENT BANK OPERATIONS

His Excellency Mr. Sami Yassa Abd El Shahid, Ambassador of the Arab Republic of Egypt to Côte d'Ivoire and Mr. Omar Kabbaj, President of the African Development Bank (AfDB) Group signed the agreement establishing the AfDB Country Office in Cairo, Egypt.

The establishing of the AfDB Egypt country office is in line with the Bank's field offices policy whose main objective is to bring the institution closer to regional member countries with a view to enhancing the impact of its development assistance. As President Kabbaj said in his statement during the signing ceremony, "the office will serve to further strengthen and expand the good relationship between the Bank and the Arab Republic of Egypt, the second largest regional shareholder with about 5 percent of total AfDB shares and a key supporter of the Bank from its inception."

For more information please contact Kim Cash Tel: (202) 482-5516 or go to [www.afdb.org](http://www.afdb.org)

## GREECE

The Greek Minister of Development unveiled a program under the Third

**Community Support Framework program envisaging new investments, totaling \$486 million, on electricity-heating co-production, energy saving, and reserving conventional energy.** This program aims to boost the country's energy efficiency, reduce energy tensions, reduce its dependence from imported energy sources, and protect the environment.

The Minister also announced that Greece would hold a second round under this investment program by the end of 2001 worth \$570 million.

This program provides an excellent opportunity for U.S. firms specializing in renewable energy. Renewable energy sources currently account for 9.5 percent of total energy production in Greece. The government aims to raise its market share to 12.5 percent in the next three years and to 20 percent by 2010.

While the Minister stated that the subsidy rate was set at a maximum of 50 percent, proposals also envisages the implementation of a 2 percent duty in favor of local authorities that host renewable energy investments in their territory.

For more information regarding Greece's new energy program and associated opportunities for U.S. firms, please contact:

Mr. Emiliios Margaritis  
The U.S. Commercial Service  
American Embassy — Athens  
Tel: (30 1) 720-2325  
Fax: (30 1) 721-8660  
Email: [Emilios.Margaritis@mail.doc.gov](mailto:Emilios.Margaritis@mail.doc.gov)

## NEED MORE DETAIL?

Ask a Foreign Commercial Officer at one of the Department of Commerce's posts located around the globe. Contact information, including phone, fax and email, is available by calling the Trade Information Center at (800) USA-TRAD(E).

# IT WAS A VERY GOOD YEAR

FOR EXPORTS FROM ENVIRONMENTAL DYNAMICS

by Curt Cultice,  
*Office of Public Affairs*

The year 2000 was a good year for Environmental Dynamics Inc. And why not?

In a single year, the folks at the Columbia, Missouri manufacturer of wastewater treatment systems increased their exports by 200 percent, added 20 people to its workforce and helped create more than 15 new jobs at local small business vendors. Little did its employees know when the ball dropped in Times Square, the firm would win the Ex-Im Bank's

Small Business Exporter of the Year award.

"Last year was a great year for our company," said Environmental Dynamics Inc. (EDI) President Charles E. Tharp. "But actually, we have been growing steadily since 1997, when we made our first export sale with assistance from Ex-Im Bank's export credit insurance."

Of course, EDI already had a good thing going with its product line. What's the "magic" to EDI's wastewater treatment effort? Well, they put

small bubbles in wastewater, which in turn provides oxygen to support the aerobic bacteria that break down waste. Oxygen is a major component of air, and air bubbles are key to maintaining proper oxygen levels in wastewater. EDI's products incorporate advanced membrane diffuser technology.

Now that's all fine and well, but how does such a company improve its chances for success in the world market? Enter credit insurance.

"Export credit insurance enabled EDI to offer competitive credit terms to a larger customer base while minimizing foreign risk," Tharp says. "Our firm's increased sales and employment demonstrate the effectiveness of the Ex-Im Bank program."

In fact, EDI's export growth has averaged over 80 percent for each of the last four years, a growth made possible in large part by the availability of credit insurance.

Tharp cites some impressive statistics on his company's export growth. From its establishment in 1975 until 1997, EDI's sales were mainly domestic. Since its first export initiatives in 1997, the company has increased its workforce from 38 to 63 employees; established



Photo courtesy of EDI, Inc.

Participants of EDI's international training session gather outside of the Columbia, Missouri office.

sales and distribution networks in more than 30 countries; and installed equipment in more than 3,000 industrial and municipal wastewater treatment systems worldwide. All enough to make a stakeholder proud.

Some good ideas helped the firm's growth too. Originally, EDI only created its own treatment systems using "diffusion membrane" technology. Then a light bulb went on in someone's head: Why not sell this technology for use in treatment systems designed by others? "Let's do it," was Tharp's response. The result: Skyrocketing growth.

According to Tharp, the company sees continued growth opportunities and is planning to hire additional employees to expand its presence in Asia and Latin America.

For example, EDI has installed technology at paper manufacturing facilities just outside the city of Shanghai, China. As a result of this effort, EDI is being requested to offer its technology and systems for additional pulp and paper facilities in China. EDI technology is also treating wastewater for the athlete's village in Homebush Bay, Australia, a facility that serviced over 15,000 athletes and officials during the Olympic games.

"More and more, countries are recognizing the false choice between a sound environment and economic growth," Tharp says. "The reality is that economic growth and environmental stewardship are fundamental building blocks for improving the standard of living and quality of life around the world."

According to *Environmental Business International*, more than 115,000 U.S. firms comprise the U.S. environmental technologies industry, engaged in air pollution control, water supply and treatment, solid waste management and environmental cleanup. The industry supports some 1.4 million

U.S. jobs, generated \$21.3 billion in export revenues and had a trade surplus of \$7 billion in 1999.

The U.S. environmental industry exported 11 percent of its output while key competitors such as Germany, France and Japan export 20-30 percent of their environmental industries' output. Looking to increase their share of exports, U.S. environmental firms are tapping key markets in Asia, Latin America, the Middle East and Africa. The U.S. Government stands ready to help.

"The U.S. Commerce Department has been pivotal to our export efforts, providing assistance on everything from country commercial guides to export counseling," Tharp says. "Working with the Japanese government, Commerce's St. Louis Export Assistance Center helped us establish three Japanese distributorships in the last year, and we expect sales to reach more than \$1 million next year."

According to Tharp, much of EDI's success stems from cultivating personal relationships with foreign business representatives. Recently, the firm hosted 20 international visitors from four countries, including Nicaragua and Vietnam.

Tharp's advice to potential exporters: "Make the personal business connections and take advantage of U.S. Government export programs and services available."

That's just fine with the folks at Ex-Im Bank and Commerce.

"Environmental Dynamics is an outstanding example of how a small enterprise can successfully contribute to the U.S. export effort and U.S. job creation through the use of Ex-Im Bank programs," said its former Chairman James A. Harmon. "Ex-Im Bank aggressively supports environmentally beneficial exports that contribute to sustainable development in emerging markets around the world."



Phot courtesy of EDI, Inc

A major pulp and paper facility upgrades from surface aerators to EDI's floating lateral diffusers.

Last year, EDI's sales totaled \$12 million, with exports accounting for about one-third of this total. In recognition of this growth, EDI was presented with the Small Business Exporter of the Year award at Ex-Im Bank's Annual Conference in Washington D.C., April 4-5.

For EDI and its customers, it was a very good year indeed. ■

#### NEED MORE DETAIL?

For more information on EDI and its operations, visit their website at [www.wastewater.com](http://www.wastewater.com)

For information on exporting environmental technologies, visit ITA's Office of Environmental Technologies Industries web site at [www.environment.ita.doc.gov](http://www.environment.ita.doc.gov)

For more information on Ex-Im Bank and Commerce Department export programs and services, contact the Trade Information Center at 1-800-USA-TRADE. [www.export.gov](http://www.export.gov).



# ASIA PACIFIC ECONOMIC COOPERATION

## USING E-COMMERCE TO ACHIEVE COMMON GOALS

by Kate Rodriguez

*Office of E-Commerce, Trade Development*

The Asia-Pacific Economic Cooperation (APEC) forum holds unique opportunities for business to help shape the future of trade and investment in the region. A diverse group of developed and developing nations, APEC includes the most dynamic, fastest growing economies in the world. These economies have a combined GDP of over \$18 trillion and carry out 43 percent of world trade. Small and medium-sized enterprises (SMEs) are a major stakeholder in APEC comprising over 95 percent of all businesses, employing up to 80 percent of the work force and accounting for 35 percent of exports in the region.

In an effort to promote strong economies and societies, APEC leaders are encouraging uptake of e-commerce and technology. This includes business use of IT and the Internet as well as e-government and non-commercial uses, such as education and medicine. E-commerce offers all of APEC's very different economies the chance to take advantage of regional growth, and the private sector will be an integral part of this online revolution.

### E-COMMERCE AND IT INITIATIVES IN APEC

APEC plays host to scores of initiatives on e-commerce. While APEC's work programs take in almost every major

industry area from automobiles to fisheries, Internet and technology-related activities make up a significant part of the organization's focus. In 1997, APEC members agreed to the "Blueprint for Action on E-Commerce," that called for economies to promote:

- Enhanced government use of e-commerce,
- Technical cooperation and experience exchange,
- Elimination of impediments to the uptake of e-commerce and,
- Development of seamless legal, technical, operating and trading environments for e-commerce.

Under this framework, APEC is considering the impact of e-commerce and IT across the board in industry, government and broader society and has developed a wide range of projects in all of these areas. Here are a few highlights:

- The U.S. is introducing its "IT Management Planning Tool" to APEC for use by all economies and their private sectors. The Tool, on CDROM, helps organizations assess and manage their IT assets and infrastructure. It also assesses readiness for e-Business and guides organizations through a cost-benefit analysis for IT upgrades. APEC will

organize a workshop on how to use the Tool in September in Korea. The U.S. is exploring other opportunities to conduct training on the Tool throughout the APEC region.

- With the help of several law firms, APEC has developed an "E-Commerce Legal Guide" that provides summaries of key laws affecting e-commerce in all 21 member economies. Through the website, a business can find out about laws governing online contracts in Chinese Taipei, for example, or copyright regulations in Australia. This was designed with SMEs in mind. View the website at [www.bak-erinfo.com/apec/](http://www.bak-erinfo.com/apec/)
- The Pacific Economic Cooperation Council (PECC), an industry organization that provides business input to APEC on trade and investment, launched its APIC Project in October 2000. Active Partnerships for Internet Connectivity (APIC) creates private-public partnerships to provide infrastructure, investment, and expert technical advice to developing economies in APEC to develop Internet-based "products," such as e-government websites, cyber cafes, Internet-connected rural schools, and women's online micro-businesses.
- APEC is advancing online consumer protection in its work program. Last



year APEC organized its first workshop on consumer protection in e-commerce. Businesses as well as government officials from most of the 21 economies discussed regulatory issues, industry codes of conduct, dispute resolution and cross-border B2C transactions. This year, APEC is developing an online database to exchange information about regulatory and self-regulatory practices in consumer protection. The U.S. will highlight its industry seal programs and other self-regulatory initiatives.

### HOW IS PRIVATE INDUSTRY INVOLVED?

It is clear from the examples above that industry plays a central role in APEC. APEC officials rely on business to identify key impediments to trade in the region and to help keep them informed of the latest developments in technology and business practices. Formally, businesses participate in APEC through the APEC Business Advisory Council (ABAC). Each APEC economy chooses up to three CEO members, one of whom typically represents a small business. Current ABAC members from the United States are Paul Y. Song, President and CEO of ARIS Corporation; Ernest S. Micek, Retired Chairman of Cargill, Inc.; and Sy Sternberg, Chairman, President, and CEO of New York Life.

ABAC meets several times during the year and compiles an annual report containing recommendations on ways to improve business and investment climate in the APEC region. In the e-commerce/IT area, ABAC's 2000 report included recommendations to implement "government online" as a catalyst for e-commerce and to harness the Internet for human resources development.

At the working level of APEC, business advises government official in many different ways. Industry representatives coordinate work, sponsor events, provide recommendations to government

officials, and enter into partnerships with governments and other organizations to conduct projects. U.S. delegations to APEC meetings often include industry representatives. In some cases, business leads the discussion. For example, in March 2001, the telecommunications industry organized an APEC workshop to illustrate wireless applications and technologies and related public policy and economic issues. In the case of e-commerce and IT coverage in APEC, business input is essential to the success of many of the projects. A good example is a private sector workshop being organized by the China International Electronic Commerce Center, a private organization, for APEC businesses in August 2001 in Dalian, China. The workshop will allow businesses to assess e-commerce projects in APEC and recommend priorities for work over the next year.

### APEC RESOURCES FOR BUSINESSES

While private sector participation is critical for APEC, the forum also provides a number of services to help organizations do business in the region. Two of the most helpful starting points are BizAPEC.com and the APEC Center for Technology Exchange and Training for SMEs (ACTETSME). BizAPEC.com ([www.bizapec.com](http://www.bizapec.com)) provides information on laws/regulations by industry sector, information for SMEs, a list of APEC organizations by sector, and plenty more. The ACTETSME website ([www.actetsme.org](http://www.actetsme.org)) posts upcoming events in the region, links to SME associations across Asia-Pacific, and information on doing business in all 21 economies.

Some other helpful tools for business include:

- Intellectual Property Rights (IPR) Enforcement Systems—Firms interested in intellectual property rights will find info on the status of each member's IPR protection as well as government contact points and links

to domestic sites. See [www.apecsec.org.sg/ipr/ipr.html](http://www.apecsec.org.sg/ipr/ipr.html)

- APEC Investment Guidebook—Provides information on foreign investment regimes in APEC economies, including regulatory frameworks (e.g. taxation, capital exports), investment protection and incentives. Available at [www.apecsec.org.sg/GuideBook/index.html](http://www.apecsec.org.sg/GuideBook/index.html)

### GETTING INVOLVED

Companies can participate in APEC in a number of ways and in a wide variety of industry areas. If you are interested in knowing more about how to become involved in APEC's work, contact your national secretariat via the ABAC website: [www.abaconline.org/aboutus/nat\\_sec.htm](http://www.abaconline.org/aboutus/nat_sec.htm)

U.S. firms may contact Karen Brown at the U.S. National Center for APEC at [kbrown@ncapec.org](mailto:kbrown@ncapec.org) or U.S. APEC Business Coalition members via their website: [www.pecc.org/usapec/](http://www.pecc.org/usapec/)

For more information on the events mentioned in this article, such as the China private sector workshop in August, or the CEO Summit, please contact Kate Rodriguez at [Kate\\_Rodriguez@ita.doc.gov](mailto:Kate_Rodriguez@ita.doc.gov). A complete list of upcoming APEC meetings can be found at: [www.apecsec.org.sg](http://www.apecsec.org.sg) ■

### NOTE

parts of this article were derived from the 2001 report "What is APEC and What Can It Do for Business?" by Richard Eason, a U.S. State Department officer on secondment to the APEC Secretariat. His report can be found at: [www.apecsec.org.sg/business\\_center/service\\_business/apecbiz.html](http://www.apecsec.org.sg/business_center/service_business/apecbiz.html)

# THE GIFT OF THE NILE IS THE MIDDLE EAST'S GIFT TO U.S. EXPORTERS

*U.S. & Foreign Commercial Service — Cairo*

You may hear that Egypt is “in transition from socialism to capitalism.” That dry statement may be true from a political perspective, but in business terms it fails to transmit the remarkable energy, enthusiasm and optimism that surges from Egyptian shops, street corners and factories today. The impression you get on the street is of a nation of busy storekeepers and consumers, chafing under onerous or outdated regulations, but charging full speed ahead anyway.

Egypt today has changed from what it was just a few years ago. At the beginning of the 21st century, Egypt is politically moderate, religiously tolerant and extremely safe from violent crime. In fact, Cairo is said to be one of the safest cities in the world; statistically you are far safer than in any comparable American city. When you approach the Egyptian people with respect, honesty and friendship, you risk being smothered with the same in return.

## OPPORTUNITIES FOR U.S. FIRMS

For U.S. businesspeople looking for opportunities, a few statistics may be instructive. Although total U.S. exports to the Middle East/North Africa region were down 4.8 percent from 1999 to 2000 (\$25.3 to \$24.1 billion), U.S. exports to Egypt were up 10 percent (\$3.025 to \$3.329 billion). Egypt is America's 33rd largest export

market. U.S. direct investment in Egypt increased 7.4 percent in 1999 from 1998 (the latest data available), and investment continues to increase as reform and structural change progresses in areas such as red tape, customs and trade dispute resolution.

For U.S. businesses, Egypt is an oasis of investment and development opportunities. The government is faced with maintaining a stable economy while implementing structural reforms and dealing with investor uncertainty. They are continuing efforts to meet WTO commitments that would improve the business atmosphere and boost investor confidence. The government wants to encourage foreign investment, but they must also deal with domestic problems. Therefore, the goal is to proceed gradually, balancing the breadth and scope of domestic reform while maintaining economic stability.

Best prospects for American exports are in the oil and gas industries, tourism, management and other professional training, financial services, hotel construction and management, information technology, telecommunications, and medical products and services. Egypt's top strategic priority is to attract direct investment; companies that wish to invest in Egypt and manufacture their products here, both for domestic consumption and for export, have many incentives.

As an export tiger, Egypt is still at the starting gate eager to join the race. U.S. imports from Egypt rose 44 percent from 1999 to 2000 (\$617 to \$888

million). Egyptians understand that international business, including eco-tourism dollars rolling in and competitive exports rolling out, is the boat to catch in the 21st century.

## DIVERSITY OF CULTURE

Although Egypt is an Arab country, “The Arab Republic of Egypt,” it is a mistake to automatically lump Egypt in the same category with all Arab countries. The Egyptian government is largely secular, and the majority of the population is Sunni Muslim. Egypt's Muslims live side-by-side with Coptic Christians, who make up about ten percent of the population and are concentrated in Cairo and the northern portion of Egypt. Egypt signed a peace treaty with Israel in 1979, and has counseled restraint, balance, dialogue and non-violence to its neighbors in the region ever since.

Egypt's four largest foreign currency generators are tourism, gas and oil (much of it sold to neighboring countries), receipts from ships transiting the Suez Canal and foreign remittances from Egyptians working overseas (mainly in neighboring countries). Egypt has nothing to gain and everything to lose if tensions increase in the region. Egypt is, by any measure, the cornerstone of stability in the Middle East.

That all said, doing business in Egypt is like driving off-road in the desert. The issue is not whether you will occasionally get stuck or not. The idea is to drive with friends who, when you do get stuck, will help pull you out.

## NAVIGATE THE MARKET WITH ASSISTANCE

Therefore, having an excellent relationship with one's customer, agent, distributor or partner is just as important as your firm's latest technology, product quality or service, especially in the early phases. Since the U.S. Commercial Service at the American Embassy in Cairo is always willing to be the first partner of any U.S. exporter, all U.S. companies have the opportunity to test the market here. The only requirement is the commitment to stick with this market for the long term.

The U.S. Embassy can work for U.S. companies even before they request assistance. For example, in May 2001, the Commercial Service was contacted by an Egyptian importer. This company had ordered \$13,000 worth of equipment from a U.S. company and had paid in advance of the shipment. However, the shipment did not arrive on time and the U.S. company was not answering email or faxes. Upon receiving a letter from the Egyptian importer, the embassy called the U.S. company and learned that their factory had been seriously vandalized, with much of their key equipment destroyed. In less than half an hour, embassy personnel spoke with decision-makers in both companies, explained the facts on both sides, dispelled misunderstandings and brokered a solution that was agreeable to both sides. The U.S. company later wrote in thanks, "We are both surprised and very impressed that our Government provides such a service as your contribution to our commercial transaction" and further stated, "We will keep you in the loop and hope this will not be the only time we have the good fortune to work with you."

The problems American exporters are most likely to encounter involve customs, taxes, other government rules and regulations and the legal system. On the customs front, hassles can arise from lack of transparency. Savvy,

experienced international negotiating skills, as well as a good sense of humor, are strongly recommended (if not mandatory). On the bright side, the Government of Egypt has pledged reform, and there are reasons to believe that customs issues will vastly improve in the years ahead. An example of this is the pending legislation that clarifies how to determine the value of imports.

But there are other, deeper reasons to believe in Egypt. Americans talk endlessly about diversity. Egyptians genuinely live it. Young women in t-shirts walk down the street arm in arm with a lady clothed in a black hegab from head to toe, with only a tiny slit through which to see. Ugly tourist behavior by foreigners is tolerated with humor and grace by their gentle hosts. While there is no denying that religious or other tensions exist below the surface or occasionally rise to the top, the reality is that tolerance is a fact that you can see on any street, in any store and on any subway.

Modern day Egypt remains at a crossroads because it is still a relatively young country. Foreigners ruled it until 1952, and this period of domination is hard to shake off in just 50 years. While there is no guarantee that a country's leaders will make all the right calls, at all the right times and in just the right order, one can be fairly confident that Egypt's future is bright, and that it is a great potential market for U.S. companies. ■

For more information on opportunities in Egypt or other markets call the Trade Information Center (1-800-USA-TRADE) or visit [www.trade.gov](http://www.trade.gov).



Photo courtesy of Commercial Service Cairo

Ambassador Daniel Kurtzer (middle) visits the U.S. Pavilion at the 34th Cairo International Fair. Twenty-eight local representatives for 39 firms participated.



# BREAKING INTO A GROWING MARKET

## ENVIRONMENTAL TECHNOLOGY EXPORTERS FIND OPPORTUNITIES IN INDIA

by Marc A. Lemmond,

*Office of Environmental Technologies Industries, Trade Development*

As India modernizes its economy and struggles to cope with environmental concerns exacerbated by population growth and urbanization, U.S. solution-providers are discovering increased opportunities.

San-I-Pak, Inc., of Tracy, California, a small, 60-employee manufacturer of steam sterilizers for biomedical waste, wanted to expand its international sales. With an already established presence in Canada, South America and Europe, the company was looking to untapped markets, such as India, for its line of small, self-contained sterilizing units.

After conducting months of research on the market for biomedical waste management in India, the company

decided to expand its market research efforts to include resources offered by the federal government and the state of California, such as trade missions and market information. Using tools available from these sources, San-I-Pak was able to compile information on regulations, sales potential, the competitive situation, tariffs, possible partners, intellectual property protection, and other market factors in India. Ultimately, the company was able to successfully enter the Indian market: it concluded a partnership agreement with Aditya Diagnostics, Ltd., of New Delhi, and recently finalized a purchase agreement with the Mumbai Municipal Corporation. The deal will have a final value of over \$1 million. San-I-Pak is now looking forward to building upon this initial success with additional business from India.

### INDIA'S EXPANDING MARKET

San-I-Pak's experience is one sign of the receptive and profitable market that U.S. suppliers of environmental products and services have found in India. In 1999, the market potential for environmental technologies in India was estimated at approximately \$4.85 billion, according to the Office of Environmental Technologies Industries. The largest segments of this market include energy efficiency and renewable energy (\$2.5 billion), water and wastewater treatment (\$1.24 billion), and air pollution control (\$408 million). The market grew at an

average annual rate of 15 to 20 percent between 1991 and 1996. With the Southeast Asian financial crisis and a slowdown in India's industrial production, however, there has been a drop in environmental market growth to around 10 percent in more recent years. But the market for environmental technologies in India has consistently maintained a growth rate approximately twice that of the country's GDP.

The reasons for the vigorous growth in the market for environmental technologies in India include an improved regulatory enforcement, increased activism on the part of the Indian judiciary, improved public environmental education, and rising funding (both domestic and international) for environmental projects. Specifically by sector, some examples of these developments include:

- **Clean Energy.** New coal beneficiation rules from the Indian Ministry of Environment and Forests are reinforcing demand for clean coal technologies.
- **Air Pollution.** More stringent vehicular emissions standards are being enforced in India as of spring 2001. These standards are due to be stiffened from 2001 through 2005, until they match European levels.
- **Hazardous Waste.** Revised biomedical waste management rules, and increasing private-sector investment



Photo courtesy of San-I-Pak, Inc.

Technicians inspect an installation for San-I-Pak, Inc. in India



in health care are boosting demand in this sector.

The government of India is supporting environmental protection and the market for such products and services. One positive sign is that spending by the Indian national and state governments on the environment has been increasing, rising nearly 20 percent over the past five years. Another sign is that tariffs on environmental goods have been targeted for reductions. Customs duties on most pollution control equipment, for example, have been reduced to 25 percent. Additionally, in an attempt to speed conversion to natural gas vehicles, the government of India reduced duties to 5 percent on a number of specific items recognized as being required for that conversion.

As the market for environmental technologies improves, evidence of the strengthened role of private forces can be seen as well. In the western city of Ahmedabad, for example, the Ahmedabad Municipal Corporation recently raised more than \$425 million in the bond market for an industrial wastewater management project. Other Indian municipalities are expected to follow suit.

#### GOVERNMENT RESOURCE PARTNERS

The U.S. Department of Commerce's Office of Environmental Technologies Industries (ETI) has been active in providing assistance to U.S. firms targeting the Indian environmental market. In 1999, for example, ETI and the Office of Export Promotion Services organized an environmental technologies matchmaker mission to India. During that mission, representatives of eight U.S. companies visited Delhi, Mumbai and Chennai. The participants took part in seminars, presentations and pre-screened meetings through the support of the U.S.-Asia Environmental Partnership (U.S.-AEP) and staff of the U.S. and Foreign Commercial Service in India. Time has proven this mission to be quite

successful, and three of the participants had business initiatives recognized when former President Clinton and former Commerce Secretary Daley visited India in March 2000.

More recently, the California Environmental Business Council (CEBC), the Environmental Technologies Export Program of the California Trade and Commerce Agency, and ETI cooperated to implement an energy and environmental mission to India in February 2001. The mission was lead by Jim Miwa, program manager of the California Trade and Commerce Agency's Environmental Technologies Export Program. Again supported by U.S.-AEP and the Commercial Service, mission participants met with representatives of trade associations, government officials, and pre-selected individual business representatives.

#### TWO COMPANIES' SUCCESS

Like the 1999 effort, the CEBC mission is proving its value to U.S. companies. Some of the companies that participated in the mission are already reporting success in India. Two of those companies were San-I-Pak, as mentioned earlier and STS Consultants.

STS Consultants, Ltd., of Green Bay, Wisconsin, is a 380-person engineering consulting firm that provides integrated solutions to engineering design and environmental management issues in the commercial, industrial, and government markets. Founded in 1948, the firm has experience throughout the United States and several foreign countries, but had no experience in India before the CEBC Energy and Environmental Mission to India.

During the mission, STS met representatives from an Indian consulting firm that was interested in working with STS on a project that required specialized expertise in a beneficial solid waste reuse project. The company pursued

the opportunity and is currently in the process of finalizing a deal, which is expected to have an initial value of approximately \$50,000 with the potential to grow to several hundred thousand dollars.

As the examples of STS Consultants and San-I-Pak show, solid product or service offerings, combined with market research, due diligence, and resources available from federal and state government partners, can lead to lucrative opportunities in India. According to Arthur McCoy, San-I-Pak's senior vice president, "we see a lot of value in working with federal agencies such as the Department of Commerce and state agencies like the California State Trade and Commerce Agency to help support our efforts overseas. As a small company of only 60 employees, we do not have the resources to undertake the task of gathering all data required to effectively market in a given country."

#### FOR MORE INFORMATION ON THE INDIAN MARKET

The International Trade Administration's Office of Environmental Technology Industries (ETI) will soon release a revised edition of its 1996 publication, *India Environmental Technologies Export Market Plan*. This comprehensive environmental market study will include individual sector analyses, competitive assessments, and information on key market contacts. Copies of the report will be available upon request from ETI and will be available on the office's web site at [www.environment.ita.doc.gov](http://www.environment.ita.doc.gov). For additional assistance with environmental exports to India, please contact Marc Lemmond of ETI at Tel: (202) 482-3889 or via e-mail at [Marc\\_Lemmond@ita.doc.gov](mailto:Marc_Lemmond@ita.doc.gov)

# ASK THE TIC

## HELPFUL HINTS ON EXPORTING TO AFRICA

by Sara Rogge,

Trade Information Center

*Exporting to Africa has been attracting a large amount of attention in recent years as more and more companies begin to look to emerging markets as new destinations for their products. The following is meant to be a guide to Africa-specific resources for companies interested in exporting to Africa.*



### WHY AFRICA?

The 48 countries of sub-Saharan Africa offer a new market for U.S. goods and services. In many instances these markets are large and relatively untapped by U.S. exporters and thus provide new opportunities for business transactions in a new part of the world. In addition, 38 countries in sub-Saharan Africa have joined the World Trade Organization (WTO) and have implemented new policies designed to encourage trade and foreign direct investment. In addition, passage of the African Growth and Opportunity Act in 2000 has raised awareness of Africa as a new trading partner for many U.S. companies.



### WHAT IS THE AFRICAN GROWTH AND OPPORTUNITY ACT?

The African Growth and Opportunity Act (AGOA), signed into law in 2000, provides reforming African countries with the most liberal access to the U.S. market available to any country or region with which the United States does not have a Free Trade Agreement. It supports U.S. business by encouraging reform of Africa's economic and commercial regimes that will build stronger markets and more effective partners for U.S. firms.

The U.S. Government has designated 35 African countries to receive these benefits. These countries receive a lower import duty on an approved list of products entering the United States. To see a list of the currently approved recipient countries as well as a list of approved products, see the International Trade Administration's AGOA website, located at [www.agoa.gov](http://www.agoa.gov). In addition to information on the agreement and eligible countries and products, this site also contains links to the AGOA Implementation Guide and a number of Africa-specific business websites.



### WHAT IS THE VOLUME OF TRADE BETWEEN THE U.S. AND SUB-SAHARAN AFRICA?

Despite recent attention to Africa as a new market for U.S. products and services, the volume of U.S.-Africa

trade remains low compared to other regions of the world. For example, U.S. exports to Canada in 2000 were \$176 billion, to sub-Saharan Africa they were just \$6 billion. Within sub-Saharan Africa, the largest volume of U.S. exports goes to South Africa and Nigeria, mostly within the sectors of machinery, computers, aircraft and tobacco.

Finding trade statistics for Africa can sometimes be slightly more difficult than obtaining up-to-date information on regions like Europe or Asia. However, there are several websites that keep current trade statistics on African countries. The Census Bureau's Foreign Trade Division, located at [www.census.gov](http://www.census.gov), maintains foreign trade statistics on both imports and exports. The Department of Commerce's export portal, <http://export.gov>, contains a link to this and other sources of trade statistics. The Dataweb service of the U.S. International Trade Commission, located at [www.usitc.gov](http://www.usitc.gov) also provides both import and export statistics for either individual African countries or a group of countries that the user personally selects. In addition, the Trade Information Center posts the U.S.-Africa Trade Profile quarterly. This report is compiled by the International Trade Administration's Office of Africa and can be viewed on the Trade Information Center's website <http://tradeinfo.doc.gov>. This report contains details on U.S. exports and imports to all 48 sub-Saharan African countries for the current period as well as the previous two years.



### HOW CAN I OBTAIN TARIFF AND TAX INFORMATION FOR PRODUCTS GOING TO AFRICA?

Tariff and tax information can be difficult to obtain for many African countries. Due to fewer government resources in many of these countries, tariff schedules are often not published or widely distributed. One of the most accessible resources is South Africa's tariff schedule, which can be accessed online at [www.rapidhttp.com/tariff/index.html](http://www.rapidhttp.com/tariff/index.html). These rates also apply to Botswana, Namibia, Lesotho and Swaziland, due to the Southern African Customs Union in place between these five countries. The Trade Information Center also maintains rates for many African countries.

When researching tariff rates for any region, it is important to first have the Harmonized System Number (HS) or Schedule B number that corresponds to your product in order to obtain the exact rate. HS numbers can be

obtained from the Census Bureau at [www.census.gov/foreign-trade/www](http://www.census.gov/foreign-trade/www) or by calling (301) 457-1084 during business hours.



### WHAT OTHER AFRICA-SPECIFIC RESOURCES ARE AVAILABLE TO EXPORTERS?

To learn more about specific markets in Africa, there are several useful resources available online. The Africa Business Daily, located at [www.africabusinessdaily.com](http://www.africabusinessdaily.com) contains links to business briefs on African markets as well as a number of links to other African news sources.

The Africa News Service, located at [www.allafrica.com](http://www.allafrica.com), contains daily news links on security, environment, political and business issues.

If you are planning to travel to Africa, it is also a good idea to check the U.S. State Department's travel advisories for each country. These can be found at [www.state.gov](http://www.state.gov) in the Travel Warning section.

The U.S. and Foreign Commercial Service can also assist companies conducting market research and locating agents or distributors for products and services in African markets. To access these services, contact one of the Department of Commerce's 80 Export Assistance Centers. Find the office nearest you at [www.usatrade.gov](http://www.usatrade.gov).

Many companies are also interested in connecting with African companies to find a specific product or service. The U.S. Global Technology Network (GTN) connects U.S. and African companies to encourage business linkages in the Agricultural Technology, Communications & Information Technology, Environment & Energy Technology and Health Technology sectors. Companies that subscribe to the service are screened and regularly provided with trade leads and information pertinent to their sector. With offices in Washington and eleven countries in Africa, GTN serves hundreds of companies worldwide and assists in the facilitation of commercial relationships between U.S. and African businesses of all sizes.

Another important resource for U.S. companies operating in Africa is the Corporate Council on Africa (CCA), a membership organization of more than 170 companies doing business throughout the continent of Africa. CCA hosts trade missions, sponsors events where companies can meet African government officials, and organizes conferences focusing on particular sectors, regions, and countries. CCA's website is [www.africacncl.org](http://www.africacncl.org).



### WHAT ARE THE MOST IMPORTANT THINGS EXPORTERS SHOULD BE AWARE OF WHEN EXPORTING TO AFRICA?

Because trade regulations and standards vary widely among African countries, it is important to remember the following tips when exporting your product to new markets in Africa. Since it is often difficult to find and understand all of the import regulations that apply to each country, it is particularly important to find a freight forwarder or shipper who has some experience shipping into that country or region. A list of freight forwarders in the U.S. can be found at [www.forwarders.com](http://www.forwarders.com), or consult your local yellow pages. To get an idea of the types of import regulations and customs procedures that apply to each country, call the Trade Information Center.

As with any new customer, it is important to arrange payment and shipping methods before shipping your product. In recent years there have been a number of fraudulent business proposals coming from West Africa. Many U.S. companies have been approached by individuals often asking for assistance in getting large sums of money out of the country. Some of these proposals have also taken the form of requests for large amounts of products or services. If you are concerned about the legitimacy of one of these proposals, there are several precautions that U.S. companies and individuals can take. Both the Trade Information Center ([www.tradeinfo.doc.gov](http://www.tradeinfo.doc.gov)) and the U.S. Secret Service ([www.ustreas.gov/usss](http://www.ustreas.gov/usss)) have information posted on their websites to raise awareness among the business community about these types of fraud.

If you are interested in doing a background investigation on an African company, you can contact your local Export Assistance Center and request an International Company Profile. To find the Export Assistance Center closest to you, contact the Trade Information Center, refer to the back cover of this magazine or refer to the U.S. and Foreign Commercial Service's website, located at [www.usatrade.gov](http://www.usatrade.gov). Cost for an International Company Profile varies by country ■

The Trade Information Center (TIC) is operated by the International Trade Administration of the U.S. Department of Commerce for the 20 federal agencies comprising the Trade Promotion Coordinating Committee. These agencies are responsible for managing the U.S. Government's export promotion programs and activities. You, too, can "Ask the TIC" by calling 1-800-USA-TRAD(E) toll free, Monday through Friday, 8:30-5:30. Or visit the TIC's website at <http://tradeinfo.doc.gov>.

# DOING BUSINESS WITH THE UNITED NATIONS

by Mark Zaineddin,

*Multilateral Development Bank Operations, U.S. Commercial Service*

Many U.S. companies may be unaware that the United Nations (UN) and its related agencies represent between \$2-3 billion in potential sales each year.

In order to maintain activities at its headquarters and other offices around the world as well as to help fulfill its humanitarian mission, the UN requires a wide variety of goods and services. This article briefly describes opportunities within the United Nations and how to pursue them.

The United Nations is a large organization comprised of 29 various member organs and specialized agencies. These include the United Nations Secretariat, United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP), World Food Programme (WFP), Food and Agriculture Organization (FAO), Universal Postal Union (UPU), World Health Organization (WHO) and International Atomic Energy Agency (IAEA).

## THE UN MARKET AND U.S. PROCUREMENT

Each organ and specialized agency has its own diverse needs and in many cases its own rules and regulations with respect to procurement. Some products such as computers, office supplies, and furniture are universally purchased while other goods and services including medicine, 4x4 vehicles, food, engineering services, and aircraft leasing may be required by only specific UN offices and agencies. Procurement may be done from the headquarters,

from field offices, or a combination of both.

Needless to say, the market is large. According to the United Nations System Annual Statistical Report, published by UNDP, in 1999, the UN system procured goods and services totaling over \$3.35 billion. Approximately 63 percent of the purchases were for goods with the remainder for services. The top five UN agencies in terms of procurement in 1999 were the WFP, UNDP (through direct and national execution), the United Nations Procurement Division, UNICEF and the Pan-American Health Organization (PAHO).

U.S. companies do well in terms of UN procurement. In fact, in 1999, the United States ranked first in terms of supplying UN organs and agencies, followed by Italy, France, Denmark and the United Kingdom. That year, U.S. companies supplied approximately \$389.6 million in goods (\$247.2 million) and services (\$142.4 million) or 11.6 percent of the total. While much of this may be to fill the needs of headquarters operations in New York City, it clearly does not represent all products and services supplied by U.S. companies.

Goods most supplied, in 1999, by American firms included air traffic control equipment, computer equipment, electronic equipment, medical supplies, ozone depleting substances phaseout equipment, and pharmaceuticals. That same year, services most supplied by U.S. companies included construction consultancies, environmental management consultancies, engineering consultancies, information technology consultancies, insurance

services, management advisory services, and printing and publishing services.

## PURSUE UN OPPORTUNITIES

So how do you pursue UN opportunities? In a general sense, doing business with the United Nations is no different than doing business with any other government or international entity; in that, to be successful, you need to know how the organization works, its procurement rules and regulations, and how best to maneuver your way through the procurement maze. Of course, making contacts is also key.

A first step is deciding which UN agencies may be in need of your goods and services. One excellent source in which to do this is, *The United Nations System: General Business Guide for Potential Suppliers of Goods and Services*. This 148-page book, published by the United Nations Development Programme, details UN agencies and organs that procure goods and services. Within each section, you will find a brief description of the organization, its major procurement needs, how it procures, and contact information. The book also includes a section on common guidelines for procurement by UN organizations, a sample of the United Nations Common Supply Database Registration Form, and general procurement terms and conditions. It can be downloaded, free of charge, on the Internet at [www.iapso.org/indhold/pdf/gbg\\_master.pdf](http://www.iapso.org/indhold/pdf/gbg_master.pdf).

Once you find an agency that you believe could make use of your goods and services, it is important to under-



stand exactly how the procurement process of that respective agency works. The UN believes that procurement should occur in a transparent, fair, and open manner, and that, depending on the size of the contract, this might require international competitive bidding. Organizations are looking for economy, effectiveness and the best value for their money when buying goods and services to fulfill their missions. Furthermore, because the United Nations is an institution made up of member countries, companies from all member countries must have the opportunity to participate in supply its needs.

What are the thresholds at which a particular agency must use international competitive bidding procedures? Does the agency primarily procure at its headquarters or field levels? Who are the appropriate contacts with respect toward procurement? Does a company need to register with the respective organ to supply its products? How does one get paid? These questions are important to think about prior to selling to United Nations agencies.

The UN has developed common guidelines for procurement although these may vary slightly from agency to agency. According to The United Nations System: General Business Guide for Potential Suppliers of Goods and Services, competitive bidding is normally required for purchases of over \$30,000. For purchases under that amount, a procurement officer can select a supplier after three quotes have been taken. For purchases of \$100,000 or more, international competitive bidding is the norm.

Some UN agencies may require or encourage you to register your company and the goods and services it can provide. Twelve of them have developed the United Nations Common Supply Database [UNCSD] ([www.uncsd.org](http://www.uncsd.org)). For an annual fee of \$100, companies can register their interests and capabilities on this database. The agencies, in turn, have use of

this tool when looking for potential suppliers of goods and services (In some cases, agencies participating in the UNCSD may also maintain their own registration databases for procurement needs). Being registered, however, does not guarantee that you will be notified of upcoming procurement or invited to bid on it.

Of course, it is always important keep abreast of upcoming procurement opportunities of the agencies in which you are interested in supplying. Many UN agencies publish information on their websites about procurement. Depending on the site, this may include general information about the agency's procurement needs and requirements, contact information, expressions of interest or invitations to bid, and proposed upcoming tender offers.

Another source for information on upcoming UN opportunities is United Nations Development Business. UN Development Business is published both in print (24 times per year) and on the Internet ([www.devbusiness.com](http://www.devbusiness.com)). In addition to procurement notices from UN agencies, one can also find notices from the various multilateral development banks as well as the monthly operational summaries (pipelines) of the World Bank and Inter-American Development Bank and the quarterly operational summary of the African Development Bank.

As with any business transaction, developing contacts with procurement officials within the respective agency is very important. They can answer questions that you may have about upcoming procurement or about the organization's rules and regulations. In many cases, field offices, following designated guidelines, have the authority to make purchases under a certain dollar limit. Depending on the needs, American firms may want to contact the field offices directly or use their respective agents and distributors where the procurement is being undertaken.

If you are invited to bid on a particular tender or are expressing interest, it is very important that you exactly follow that which is requested in the procurement notice or bidding documents. Not providing that which is requested can lead to disqualification. If you are asked to submit a bid, but decide not to, let the agency undertaking the procurement know. If you do submit a bid, make sure that it is submitted on time and if the bid opening is public you or your agent should try and be present.

\$2-3 billion in UN needs for goods and services each year is quite a lot. Being successful requires that you diligently undertake research, develop contacts and pursue leads. Those who establish relationships and consider themselves in for the long-term rather than for a quick sale continue to be successful time and time again. ■

### **Selected UN Agencies and Helpful Sites on the Web**

The United Nations—[www.un.org](http://www.un.org)

United Nations Common Supply Database—[www.uncsd.org](http://www.uncsd.org)

United Nations Development Business—[www.devbusiness.com](http://www.devbusiness.com)

United Nations Procurement Division—[www.un.org/depts/ptd](http://www.un.org/depts/ptd)

United Nations Procurement Section, Geneva—[www.unog.ch/pts/pts.htm](http://www.unog.ch/pts/pts.htm)

UNDP, Inter-Agency Procurement Services Office—[www.iapso.org](http://www.iapso.org)

Pan-American Health Organization—[www.paho.org](http://www.paho.org)

United Nations Office for Project Services—<http://unops.org>

United Nations Children's Fund—[www.unicef.org](http://www.unicef.org)

United Nations Development Programme—[www.undp.org](http://www.undp.org)

United Nations High Commissioner for Refugees—[www.unhcr.ch/business/main.htm](http://www.unhcr.ch/business/main.htm)

World Food Programme—[www.wfp.org](http://www.wfp.org)







# THE WESTERN HEMISPHERE

## TRADE TAKES A FRONT ROW SEAT

by John Andersen

*Office of Latin America and Caribbean, Market Access and Compliance*

At the close of the last century, we saw increasing market liberalization throughout the developing world. Nowhere was this more evident than in the Western Hemisphere.

The growing number of bilateral and multilateral trade agreements in our hemisphere precipitated a virtual explosion in trade. The Western Hemisphere now accounts for 45 percent of U.S. merchandise exports, and it more than doubled in the last decade, a rate more than twice as fast as our export growth to the rest of the world. This represents twice our export sales to the EU and more than 5 times those to Japan. For 2000, total U.S. exports to the Western Hemisphere totaled approximately \$350 billion. Of course the largest share and fastest growth can be attributed to NAFTA. But, after a decade of democracy, economic reform and market liberalization, U.S. export growth to Latin America (excluding Mexico) still outperformed export growth outside this hemisphere by two-thirds. For example,

■ In 2000 U.S. exports to the Western Hemisphere were two-and-one-half times our exports to Japan, China and the ASEAN countries combined;

■ Over the past ten years, the U.S. has consistently recorded trade surpluses with key countries of the region such as Argentina and Brazil. Furthermore, since the early 1990's, the U.S. moved from a trade deficit with the countries of the Caribbean to more than a \$2.5 billion trade surplus.

However, the importance of the hemisphere to U.S. commercial interests is evident on the investment side of the commercial equation as well.

■ U.S. foreign direct investment (FDI) in Latin America and the Caribbean increased by more than 29 percent over the past five years, U.S. FDI in Mexico has increased by more than 50 percent;

■ Over the past five years, the increase in U.S. FDI in Argentina has been greater than the increases in U.S. FDI in the UK, Germany, and Japan combined;

These trends have propelled a strong U.S. business interest in concluding a free trade agreement with the region. Virtually all of the Fortune 500 companies have operations in the hemisphere and the United States is the leading foreign investor in the region.

The markets of Latin America and the Caribbean offer the greatest potential for U.S. investment and exports than many of the traditional destinations for U.S. exports. Although the export data for individual Latin American countries may appear no more alluring than Western Europe or Asia, they cannot convey the enormous potential for growth that exists for U.S. exporters and investors in Latin America and the Caribbean. If one examines the dollar value of U.S. exports as a percentage of gross national product, you will see that the U.S. economic presence in Latin America is greater than in most of Western Europe ... and growing.

For example, in 1998, the GNP of France was roughly \$1.5 trillion and the GNP of Colombia was roughly \$100 billion ... a sizable difference. However, if you look at U.S. exports as a percentage of GNP, our share of the Colombian market is more than

three times that of the French market. The analysis holds for our Asian trading partners as well. Our export share of the Japanese market was one-third the size of our Colombian share, while the Japanese economy is more than 40 times the size of the Colombian. Thus, although the Latin American and Caribbean markets may be developing, they are open and receptive to U.S. exports and that our ability to penetrate these markets is greater than many countries in Western Europe and Asia.

Not only are we currently witnessing dramatic increases in U.S. trade with Latin America but the potential exists for the long-term development of trade and investment relationships. The adoption of market-oriented, liberal economic policies and the abandonment of under performing government-regulated industries have created an atmosphere conducive to long-term economic growth and stability in Latin America and Caribbean. The economies of the South, while certainly not perfect, have benefited greatly from increased efforts to privatize government enterprises and to establish increasingly transparent rules and regulations governing international trade and investment. Privatization, increased investment and

more stable monetary policies have helped tame inflation, once one of the most significant obstacles to foreign investment in the region.

The United States is positioned, perhaps more so than any other country in the world, to penetrate the markets of the South and avail itself of the opportunities presented there. Geographic proximity as well as cultural and historical ties, have created a predisposition in Latin American and the Caribbean countries to use U.S. products. This predisposition has created, and continues to create, unique opportunities for U.S. exporters to the region. And with the increasing importance of electronic commerce, the potential for capitalizing on this relationship will increase dramatically. For example, domestic online retail sales in Latin America and the Caribbean are expected to top \$8 billion by 2003 — a small, but increasingly important market development.

The Western Hemisphere is a primary focus of President Bush's free trade message. The President has highlighted this year as the beginning of the "Century of the Americas" and trade relations figure prominently in this

equation. On the administration's short list of immediate trade priorities are several involving the Western Hemisphere — comprehensive free trade negotiations with Chile, a reinvigorated process for the Free Trade Area of the Americas (FTAA) following up from the Summit of the Americas in April and renewal of the Andean Trade Preference Act. In addition, the President has made it clear that we are in a new era of partnership with Mexico.

Commerce Secretary Don Evans, advancing the President's focus on the Americas, has already taken two trips in the hemisphere, touting the virtues of free trade at key forums in Buenos Aires and Quebec City. At these meetings, Secretary Evans met with Latin American and Caribbean counterparts to emphasize the importance this Administration places on its trade relationship with hemispheric partners. Secretary Evans has now met with representatives from all 33 countries in the Western Hemisphere.

Establishing personal ties with Latin American and Caribbean leaders is critical to ensuring that the Administration can achieve its ambitious trade priorities. Too often during the 1990s, U.S. businesses found themselves on the outside, looking in, watching as their goods lost out to competitors enjoying preferential trading status. At present there are approximately 130 free trade agreements operating worldwide; almost 1 in 4 are located in the Western Hemisphere. The United States is party to only two. Achieving the U.S.-Chile FTA will be a first step in redressing this situation. Negotiation of a free trade agreement with Chile will help level the playing field for U.S. firms operating in Chile. The successful conclusion of the FTAA will do the same for American companies with the rest of the hemisphere. ■

U.S. & Foreign Commercial Service



Carlos Fedrigotti of Citibank introduces Secretary Evans in advance of his keynote address before the Americas Business Forum.



## GUIDE TO TRADE PROGRAMS COVERING THE WESTERN HEMISPHERE

### CHILE FTA

- The United States launched bilateral Free Trade talks with Chile in December 2000.
- President Bush has asked for a text to be completed and ready for signature by the end of 2001. In order to meet that deadline, negotiators will meet nearly once a month through the end of the year.
- The fifth round of talks took place in Washington, D.C. on June 11-15, 2001 and a sixth is scheduled for July 23-27, 2001 in Santiago, Chile.
- There are 17 negotiating areas under discussion. The Department of Commerce chairs the negotiating groups covering Electronic Commerce and Anti-Dumping/Countervailing Duties.
- Chile is a small but important market for U.S. goods and services. The United States exported more to Chile last year than to Russia, India or Turkey.

### ATPA RENEWAL

- The Andean Trade Preference Act (ATPA) of 1991 provides preferential trade benefits, similar to those granted under the Caribbean Basin Economic Recovery Act, to the four designated beneficiary countries: Bolivia, Colombia, Ecuador and Peru. The Act is scheduled to expire on December 4, 2001.
- The Bush Administration supports a "robust renewal" of the ATPA program as do many members of the U.S. Congress.
- The ATPA provides beneficiary countries reduced duty or duty-free access to the U.S. market for most products except for those excluded by law.
- The primary goal of the renewal is to promote export diversification and broad-based economic development that provides sustainable economic alternatives to drug-crop production in the Andean region. Recent reports show that the ATPA appears to have had an indirect, but positive effect on the drug-control efforts of the beneficiary countries.

### U.S. — CARIBBEAN BASIN TRADE PARTNERSHIP ACT (IMPLEMENTATION)

On May 18, 2000, President Clinton signed into law the Trade and Development Act of 2000. This measure includes the U.S.— Caribbean Basin Trade Partnership Act of 2000 (CBTPA).

- CBTPA provides beneficiary countries certain trade benefits similar to Mexico's under the North American Free Trade Agreement (NAFTA). For example, under CBTPA, apparel manufactured in eligible CBI countries from U.S. yarns and fabric, as well as non-textile products previously excluded from the CBI legislation, will enter the United States free of quota and duty.
- The CBTPA forms part of the Administration's comprehensive response to the enormous damage caused by Hurricanes Mitch and Georges to Central America and the Caribbean. By helping the CBI countries to create new jobs and earn additional foreign exchange from exports, this legislation will speed reconstruction and development of this region in the long run.
- The 23 independent countries of the Caribbean Basin region together form the sixth largest export market for U.S. goods, totaling over \$19 billion and absorbing 2.5 percent of U.S. exports in 2000.

# ELECTRONIC COMMERCE INITIATIVE

by The Western Hemisphere Group

*Market Access and Compliance*

**“We will also sponsor the creation of a new Inter-American E-Business Fellowship Program. This will give young professionals from throughout the Americas the opportunity to learn about information technology by spending time with U.S. companies. And it will empower them with the skills and background to bring the benefits of these technologies to their own societies.”**

**President George W. Bush  
Summit of the Americas  
April 21, 2001**

It is generally acknowledged that the resurgence of U.S. productivity in the 1990s was largely attributed to the effective use of IT in conducting American business. U.S. firms are now in a unique position to assist Latin American and Caribbean companies in their efforts to integrate IT technologies into their business models.

On April 21, at the Summit of the Americas in Quebec City, President Bush announced the Inter-American E-Business Fellowship program. In response to the President's announcement, the U.S. Department of Commerce is launching a training program, called the E-Business Fellowship Program, for Latin American and Caribbean managers who are interested in using information technology to improve their business

processes. This initiative builds on President Bush's interest in expanding educational exchanges that help develop human capital in the Hemisphere and furthers Summit themes of creating prosperity and realizing human potential. It also responds to the Free Trade Area of the Americas' (FTAA) call to expand the benefits of electronic commerce to the region and will contribute to creating a global environment in which electronic commerce can flourish.

This program will assist economic restructuring in Latin America and the Caribbean by introducing business executives to U.S. methods of innovation and management, and by creating a cadre of influential executives who are predisposed to doing business with the United States. It will also promote hemispheric economic integration, a common business culture and cutting edge business practices that will enhance the FTAA's competitiveness in domestic and global markets.

Under the Inter-American E-Business Fellowship Program, business professionals from industries



Secretary Evans addresses senior level business and government officials at the Latin American/Caribbean Electronic Commerce Summit.

U.S. & Foreign Commercial Service

throughout the hemisphere will be invited to participate in a program with U.S. businesses. This 5-6 week training program would match Latin American and Caribbean business professionals from a variety of industries with selected U.S. firms. The focus would be on traditional manufacturing, services, and high-tech sectors that use IT to improve efficiency and productivity, and to increase their customer base, looking particularly at supply chain management and the integration of IT in "backroom" operations.

#### PROFILE OF AN INTER-AMERICAN E-BUSINESS FELLOW

Fellowship candidates will be Latin American mid-level business executives, who are seeking to gain a deeper understanding of how U.S. companies use information technology to improve the efficiency of their business processes. Candidates will be identified from a broad range of manufacturing and service sectors, and will have varying degrees of IT knowledge. All candidates will be in a position in their companies to recommend and/or implement IT-related changes to

methods of supply chain management or back-end operations.

The Commerce Department will work to develop mutually beneficial matches between Latin American fellows and participating U.S. companies. Host companies will provide the Commerce Department with profiles detailing their preferred candidate type. U.S. host companies will be able to review and select a fellow from a short list of at least 3-5 candidates based on the profile provided. Host companies can conduct interviews with the candidates if desired. Companies may nominate an individual for participation in the program as long as that person is not employed by the company or its subsidiaries. However, the individual would have to file an application, pass an interview and be selected as a program candidate.

#### PROFILE OF A "HOST COMPANY"

Ideal companies would be from traditional manufacturing, services, or high-tech sectors, and would have experience in using IT to improve efficiency and productivity in their

businesses, looking particularly at improving supply chain management and back-end operations. For example:

- Manufacturers that use IT to streamline and improve the productivity of design, distribution, or accounting processes allowing them to save time and resources that are better used to increase both their market visibility and customer base;
- Companies that have established Internet-based supply management and procurement systems to allow their employees to place and review orders, and their suppliers to confirm and send counter proposals online;
- Firms that have used innovative technologies to produce multimedia products or provide design, testing or research services.

#### BENEFITS TO U.S. HOST COMPANY

Sponsoring U.S. firms will benefit by establishing relationships with key managers in related industries who can assist their U.S. sponsors in doing business in the Latin American region. In addition, participating U.S. companies will have an opportunity to demonstrate their products and services to potential Latin American business partners and/or customers. ■

#### FOR FURTHER INFORMATION...

Please contact the Department of Commerce at [ebusiness\\_fellowship@ita.doc.gov](mailto:ebusiness_fellowship@ita.doc.gov), or call Maria Cameron at (202) 482-0621 or Margaret Almazan at (202) 482-4325.



Secretary Evans makes a point during a roundtable discussion with executives from U.S. telecommunications firms invested in Argentina.

## FREE TRADE AREA OF THE AMERICAS (FTAA) UPDATE

by Maria Cameron

*Office of NAFTA and Inter-American Affairs, Market Access and Compliance*

### WHAT IS THE FTAA?

The Free Trade Area of the Americas (FTAA) when completed will be the world's largest free trade area stretching from the southern tip of Argentina northward to Alaska. In December 1994 at the first Summit of the Americas, the 34 other democratically elected leaders in the Western Hemisphere took the first step by committing to establishing the FTAA by 2005. This bold step set in motion efforts to lay the groundwork for the agreement. Negotiations began in earnest following the second Summit of the Americas in April 1998. After nearly three years of negotiations and conclusion of the third Summit, 2005 is within our grasp.

The FTAA will create an open market of 800 million consumers and a combined GDP exceeding \$12.5 trillion. The FTAA will give U.S. exporters much broader access to markets throughout the hemisphere. It is critical that U.S. businesses take an interest in the FTAA now—as the agreement is being developed and take advantage of the many opportunities for private sector input.

### MINISTERIAL AND SUMMIT

Trade Ministers met April 7, 2001 in Buenos Aires, Argentina to review the progress made in the negotiations to date and to define for negotiators their mandate for the next round of discussions. Subsequently, hemispheric heads of State met April 20-22 in Quebec City, Canada to renew their commitment to hemispheric integration for improving the economic well being of people of the hemisphere. Major FTAA milestones from the Ministerial and Summit included:

- Clarification of FTAA deadlines—Negotiations will conclude no later than January 2005 and be implemented as soon as possible, but no later than December 2005
- Release of Draft Text—The draft FTAA agreement will be made public in the four official languages (Spanish, English, French and Portuguese) once translations are complete.
- Future Work - Negotiating Groups will strive to eliminate textual areas of disagreement to the maximum extent possible.

### NEXT STEPS

Over the next 18 months, the nine FTAA negotiating groups will work to eliminate areas of disagreement in the draft-consolidated text and they will begin the market access portion of negotiations. By the next Ministerial meeting in the fall 2002, negotiating groups will complete new chapter text, reaching consensus wherever possible. Vice Ministers will meet regularly to assess the progress of the negotiators and respond to requests for guidance.

In the meantime, the U.S. will be seeking private sector input through a variety of mechanisms. Specific comments will be sought regarding rules of origin through an upcoming Federal Register Notice and the Joint Committee on E-Commerce will seek additional private sector participants once its work plan for the year has been finalized. In addition, written comments are always welcome.

### MORE INFORMATION ON THE FTAA

FTAA Official Site—[www.alca-ftaa.org/](http://www.alca-ftaa.org/) or Commerce FTAA site—[www.mac.doc.gov/ftaa2005/](http://www.mac.doc.gov/ftaa2005/)

Specific questions please call (202) 482-0393.

Written comments can be submitted to Department of Commerce;

ONIA, Room 3024; 14th & Constitution Ave., NW; Washington, DC 20230.

FTAA UPDATE



# BEST PROSPECTS FOR EXPORTS TO LATIN AMERICA AND THE CARIBBEAN

by the Western Hemisphere Team of the U.S. Commercial Service  
based on Country Commercial Guides for the Countries in this Region

## CARIBBEAN BASIN

The Caribbean Basin region encompasses the countries of Central America and the Caribbean including Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, the Dominican Republic and Jamaica. Since the 1980s, with the establishment of the Caribbean Basin Initiative, a U.S. Government preferential trade program for this region, the countries of this region have developed somewhat similar industrial bases consisting of assembly activities in the apparel, medical devices and electronics industries in addition to their traditional business areas of agriculture and some core industries.

For U.S. companies, the Caribbean Basin region offers excellent prospects for exports of all types, from consumer goods to industrial and infrastructure-related equipment and services. This region has close ties to the United States, the markets are relatively accessible and U.S. products are favorably received due to the perception of quality and reliability.

■ The Auto Parts and Vehicles market is strong due to the heavy demand for used vehicles and the corresponding auto parts required for repair and maintenance, which is further aggravated by poorly maintained roads. Imports of auto parts and accessories are expected to increase 10-25 percent over the next few years.

■ Construction Equipment and Building Products hold great potential due to infrastructure and privatization projects in the region.

■ Demand for Computer Equipment and Software is intensifying with the growing use of computers in most sectors of the economy. Increased information technology modernization needs, the introduction of new and faster products, the establishment of copyright protection in Guatemala and Panama, and increasing interest in the Internet will continue to fuel the demand for these products throughout the region.

■ Telecommunications Equipment and Services: The continued privatization of the telephone companies throughout the region will result in continued growth in demand for wireless service technology. In addition, new

service offerings including cellular, Internet, and other communications services for the commercial and industrial sectors has dramatically increased the demand for additional telecommunications infrastructure and services.

■ U.S. franchising is popular in the Caribbean Basin due to the consumer familiarity with U.S. brands and taste preferences. Depending on the specific country within the region, best sectors for franchising include fast food, and in the more developed markets, hotels, mail and courier services, dry cleaning and car rental franchises.

■ Electric Power Generation Equipment and Services: The anticipated privatization of the power generation market in this region should lead to excellent opportunities in the electrical power generation equipment



market over the next 10 years, including generating equipment, transformers, wire related computer hardware/software services, and financial and consulting services.

Tourism-related exports such as hotel/restaurant equipment continue to be a top prospect for U.S. companies, especially in the Caribbean and certain Central American destinations.

### SOUTHERN CONE (MERCOSUR)

The Southern Cone of Latin America includes Argentina, Brazil, Paraguay and Uruguay, which make up the Southern Cone Common Market (Mercosur in Spanish), as well as Chile,

an associate member of Mercosur. The Southern Cone markets of Argentina, Brazil and Chile combined boast a population of 210 million and a GDP of around \$1 trillion, with Brazil constituting around 70 percent of this region's size by both measures.

Among these three Southern Cone markets, Chile is by far the most open to foreign imports with a flat import duty of 9 percent, while the average external tariff for the full Mercosur members is 15 percent, with a number of exemptions at higher rates. Brazil and Argentina host local industries in many major product areas, requiring imported products to be more price and quality competitive than the locally produced alternatives.

The following sectors represent the best prospects for U.S. exporters and investors in the Mercosur region:

- **Telecommunications** Equipment and Services is the top market throughout this region due to the rapid growth in demand for communications services, including the Internet, and the dynamic of this largely privatized market. Best prospects include wireless equipment, data communication equipment, PCS, fiber optic cabling, network management software, trunking systems and call center among others.
- **Computer Equipment and Software:** Throughout the Southern Cone, Internet use is surging in both business and private locations and greatly stimulating growth in the computer equipment and software market. While local manufacturers, including many U.S. companies, dominate the PC market in Argentina and Brazil, U.S. exporters hold excellent prospects especially in niche computer accessories, laptops and most areas of software, where the U.S. is the dominant supplier. In contrast, the Chilean market for computers and software is supplied mostly by imports with the U.S. supplying 50 percent of that market.
- **Electrical Power Systems:** Increasing power generation capacity to meet growing electricity demand throughout the region is creating strong opportunities for U.S. exporters of electric power generation and distribution equipment and services. Natural gas pipelines and accompanying thermoelectric production capacity is expanding in the major Southern Cone markets and providing alternatives to the predominately hydropower (and in Chile coal-powered) energy sources.
- **Medical Equipment:** Governments continue to play a strong role in the medical equipment purchases in the Southern Cone, with Argentina and



Chile expending around 7 percent of the GDP in this area, although private markets are expanding. Chile imports the majority of its medical equipment from the United States. Strong prospects for U.S. exports in this region include: higher technology based equipment, some disposable products, and medical furniture, except in Brazil where local manufacturers are fairly strong.

■ Industrial equipment also holds strong export potential throughout the Southern Cone, due to the great demand from local industry in these markets to upgrade their production capacity to becoming more globally competitive. Local and multinational companies in these countries manufacturing in sectors such as automotive, food processing and packaging, and consumer electronics are important markets for U.S. equipment suppliers, especially in Brazil and Argentina, and in the food processing and packaging industry in Chile.

■ Mining Equipment exports to Chile offer important opportunities to U.S. suppliers who hold 50 percent of the mining equipment market. Brazil also is an active mining market.

## ANDEAN REGION

The Andean region of Latin America includes the countries of Bolivia, Colombia, Ecuador, Peru and Venezuela. This region shares historical ties through regional trade integration efforts and is the beneficiary of the U.S. Government's Andean Trade Preference incentives aimed at assisting in the diversification of this region's export base.

The following sectors represent some of the best prospects for U.S. exporters and investors in the Andean region:

■ Oil and Gas Machinery export prospects in Colombia, Peru, and Venezuela are strong with a total market of around \$2 billion. Venezuela,

the leading market (\$1 billion), imports 50 percent of this machinery. This market is expected to grow at a 20 percent annual rate due to the 10-year development plan by PDVSA, the Venezuela State Petroleum Company, which projects \$800 million in new investment annually. The Colombia market at \$800 million is supplied mostly by imports and is expected to rebound once security conditions improve. While Peru offers a smaller market, for oil and gas machinery, new hydrocarbon emission standards are being established that could further expand this market. Further, the pumps and compressors markets in Venezuela and Peru, especially those related to oil and gas sector, hold excellent potential.

■ Mining Equipment offers the best opportunities for U.S. exporters to Bolivia, including equipment related to open pit mining, heap leaching and gold mining operations.

■ Telecommunications Equipment and Services opportunities exist throughout the Andean region, stimulated by increasing demand for fixed, cellular and Internet services, as well as by new services such as personal communications services (PCS), trunking, paging, and other valued-added services. PCS licenses should be offered in Colombia this year. In Peru competition is being opened in domestic and international long distance services. Venezuela's telecommunications market is growing at a 20 percent annual rate, despite an overall economic slowdown and \$10 billion in new telecommunications related investment is expected over the next 5 years. Ecuador is expected to privatize its state-owned phone company sometime in 2001.

■ Industrial Chemicals is the top export opportunity for U.S. companies in Colombia with a \$6 billion market for industrial chemicals to support the food and beverage,



pulp and paper, chemical, energy; chemical, pharmaceutical and other industries. The 563 chemical manufacturing companies in Colombia rely on imported raw materials. While a smaller market, Ecuador's manufacturing industry purchases \$27 million annually in imported industrial chemical raw materials and specialty chemicals. ■

## FOR MORE INFORMATION

For more details on the country-specific best prospects for U.S. exporters to the Latin America and Caribbean region, please visit [www.usatrade.gov](http://www.usatrade.gov) to review the various market reports prepared by the U.S. Embassy Commercial Service Offices, as well as export promotion services and upcoming trade shows available. Also, U.S. Commercial Service business counseling services are available throughout the United States through 105 U.S. Export Assistance Centers (USEACs). Contact information for these USEACs are also available on the back of this publication or at [www.usatrade.gov](http://www.usatrade.gov)

# UPCOMING TRADE EVENTS

**JULY - NOVEMBER 2001**

<b>DATES</b>	<b>EVENT</b>	<b>LOCATION</b>
July 11 - 13	PAACE Automechanika PAACE Automechanika is an annual event where the Office of Automotive Affairs and CS-Mexico City distributes information on ITA services and collects trade leads for U.S. automotive parts and accessories companies from among event visitors.	Mexico City, Mexico
July 21 - 24	ISPO- Summer 2001 Exhibitors from over 40 countries present their range of products focusing on both summer and non-seasonal sports. Such products include sportswear, sports shoes, outdoor fashion, bathing and beachwear and fitness, tennis, squash, table tennis and badminton equipment.	Munich, Germany
August 4 - 6	Health and Aged Care 2001 Health and Aged Care is Australia's only trade show dedicated to medical equipment. It is held biennially and attracts around 3,000 visitors and 120 exhibitors. The show features hospital furniture and fittings, sterilisers, disability aids, educational materials, laundry and waste facilities and information technology and communication systems.	Melbourne, Australia
September 5 - 9	Equifair 2001 Equifair is Canada's largest trade fair dedicated to the horse. Presented in conjunction with the Spruce Meadows' Master Horse Jumping Tournament, which attracted over 170,000 visitors last year, this show provides an ideal setting for companies to enter the Canadian and international markets. The Commercial Service Calgary offers matchmaking appointments, networking receptions, and logistical assistance.	Calgary, Canada
September 9 - 12	Decosit Decosit is the major international trade show for upholstery textiles. Over 50 U.S. companies exhibit at this event, which attracts over 12,000 visitors from over 100 countries. At Decosit '99 the 10 American companies on the U.S. pavilion reported \$27.8 million in one year projected sales.	Brussels, Belgium
September 10 - 21	International Mass Transportation Program Trade Mission Thailand, Vietnam, Taiwan, and China are the focus markets of the 2nd Annual Asia Mass Transportation Trade Mission. This regional event will attract participants from across Asia with whom mission members can meet to discuss infrastructure development opportunities.	Thailand, Vietnam, Taiwan and China
September 19 - 21	Global Franchising 2001 The 3rd annual international exhibition and conference for franchising, licensing and business opportunities.	Singapore
September 25 - 28	Enviropro 2001/Tecomex Over the past 8 years, Enviropro has become the most important show in Latin America and this year's show is set to be the best ever. The show organizer, E.J. Krause, is planning for over 200 exhibitors and expects an third of these to be U.S. firms. They anticipate over 6,000 visitors to the show. The show organizer will work with the U.S. Commercial Service in Mexico to provide U.S. exhibitors with a market briefing, an Embassy reception, and to offer an optional Gold Key Service to find qualified representatives in Mexico. Not only will U.S. exporters learn about the Mexican market, but up to five neighboring countries as well.	Mexico City, Mexico
October 1 - 4	American Society for Industrial Security ASIS International is the U.S. largest industrial security trade show. For the 5th year a trade delegation from Saudi Arabia will attend the show, sourcing products and services from the 1,800 exhibits, and attending several of the 140 educational seminars designed for security specialists.	San Antonio, Texas
October 1 - 5	Equipment Leasing Association Mission to Central Europe The Equipment Leasing Association is co-sponsoring a delegation of top executives from U.S. companies considering Central Europe as a market. The goal is to introduce American companies to these growing leasing markets and assess future business opportunities.	Poland, Hungary, Czech Republic
October 3 - 6	EDIFICA 2001 The International Biennial Building Materials and Construction Machinery Trade Show is being organized by the Feria Internacional de Santiago (FISA) and the Chilean Chamber of Construction.	Santiago, Chile



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## HIGHLIGHTED EVENTS

### IT AND E-COMMERCE TRADE MISSION TO SOUTH EAST ASIA

**JULY 31-AUGUST 9  
PHILIPPINES, VIETNAM, MALAYSIA**

The mission's goal is to gain first-hand market information and provide access to key government officials and potential business partners for U.S. Internet, e-commerce, and wireless technologies firms desiring to establish and expand their presence in the Vietnamese, Philippine and Malaysian markets. The mission will also generate a large amount of publicity and market exposure for participating companies through press conferences and pre-trip publicity. In sum, the mission will facilitate access for the participating companies to opportunities resulting from the increasing market demand in Southeast Asia for U.S. information technology products and services.

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### COSMOPROF COSMETICA 2001

**SEPTEMBER 21-24, 2001  
SAO PAULO, BRAZIL**

The U.S. Department of Commerce is pleased to announce that, in cooperation with the Independent Cosmetic Manufacturers and Distributors (ICMAD), it will organize a Pavilion for U.S. exporters at Cosmoprof Cosmetica 2001 for the seventh year.

Cosmoprof Cosmetica (formerly known as Cosmetica), the second largest international trade show of its kind in the world and the largest in Latin America, was held for the eleventh time in 2000. The fair hosted 515 exhibitors--367 from Latin America and 148 from the rest of the world. Visitors, who included Brazilian and other Latin American distributors, wholesalers, and retailers, as well as the general public, numbered 78,000, with over 1,600 buyers coming from 22 countries.

U.S. cosmetics firms are advised to move fast to take advantage of this outstanding opportunity. For an application package with further details, including a fair brochure, please contact Edward K. Kimmel at the U.S. Department of Commerce in Washington Tel: (202) 482-3640, Fax: (202) 482-3422, or Email: Edward\_Kimmel@ita.doc.gov

<b>DATES</b>	<b>EVENT</b>	<b>LOCATION</b>
October 10 - 15	<b>Frankfurt Book Fair 2001</b> Over 300,000 prospective distributors, buyers and rights licensees from all over Europe and the world descend on Frankfurt every year to participate in the Frankfurt Book Fair, the largest and most important trade show in the industry. With Europe already purchasing 1/4 of all U.S. books sold overseas (\$440 million in 2000), the Frankfurt Book Fair is an excellent opportunity U.S. publishers to find new export markets.	Frankfurt, Germany
October 13 - 21	<b>Genoa International Boat Show</b> Genoa's International Boat Show is one of the largest and leading international boat shows in the world for motor boats, sailing boats, surf boards, inflatable crafts, diving and fishing equipment, engines, instruments and accessories. Last year's event attracted 350,000 visitors and had 1,468 exhibitors. This is the fourth consecutive year that the U.S. Commercial Service will hold a U.S. Catalog Exhibit at the Show.	Genoa, Italy
October 16 - 21	<b>EquipAuto 2001</b> EquipAuto 2001 features 160,000 professional visitors from over 120 countries. 2,500 exhibitors from over 60 countries are expected to participate. Three shows will be featured under one roof: Original Equipment, Aftermarket-Spare Parts and Garage.	Paris, France
October 18 - 21	<b>Worldwide Food Expo</b> Worldwide Food Expo is the largest and fastest-growing food-manufacturing event in the world, attracting well over 30,000 key decision-makers from today's thriving food industry. Attendees represent the full spectrum of food manufacturing professionals. Product categories include all segments of food production and packaging. Worldwide Food Expo hosts the food manufacturing industry's most comprehensive array of professional seminars.	Chicago, Illinois
October 18 - 22	<b>SMAU 2001</b> SMAU is Europe's second largest exhibition in the Information and Communications Technology (ICT) sector. It attracts 2,400 exhibitors and 360,000 qualified visitors each year. The Italian market for products and services in the computer hardware, software and telecommunications sectors is \$40 billion, and the U.S. is Italy's largest supplier of such products and services. By participating in SMAU, small and medium-sized, new-to-market U.S. companies are introduced to top Italian distributors and business partners, and stand an excellent chance of benefiting from the opportunities offered by the Italian and surrounding markets.	Milan, Italy
October 23 - 25	<b>TTW 2001 - Travel Trade Workshop</b> TTW is the main trade event covering Switzerland's \$9 billion (outbound) travel market. Some 1,000 exhibitors from over 100 countries will attend. Over 10,000 trade professionals and buyers from the entire country will attend.	Montreux, Switzerland
October 30 - 31	<b>Electrical Power Trade Mission and Seminar</b> This trade event and seminar is designed to provide small-to-medium export-ready companies, utilities and their suppliers with a first-hand opportunity to become familiar with the Canadian electrical power market, establish new and profitable commercial relations, and provide valuable trade and market-related information from up-to-date industry briefings.	Toronto, Canada
November 14 - 17	<b>International SHOPA show</b> SHOPA is one of the 200 largest trade shows in the United States, according to Tradeshow Week. The show is offering seminars the day before the show and customized local store tours with association executives serving as speakers on an as-needed basis. Products will include: computer accessories and software, desk accessories, furniture, writing instruments and accessories, office storage, school supplies, and much more.	Miami, Florida
November 14 - 17	<b>International Amusement Parks Show</b> IAAPA is the premier trade show for the amusement park and entertainment industry, encompassing the entire spectrum of companies from small family-run operations to large, multi-national corporations. Exhibitors run the gamut from high technology such as virtual reality simulators to the latest games, rides, food and beverage and state of the art themed attractions.	Atlanta, Georgia
November 27 - 30	<b>Environment Japan 2001 and Wastec</b> Japan's environmental market is large and growing fast. The market is expected to reach \$360 billion by 2010. Environmental regulations are getting stricter, yet existing solutions in Japan are not sufficient enough to cope with various environmental problems. This growing market is constantly seeking innovative and experienced overseas suppliers to fill its vast need. As one of the Japanese government's export-to-Japan facilitation efforts, JETRO invites environmental companies looking to enter and/or expand their business in Japan to Environment.	Tokyo, Japan

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Waste Treatment and Pollution Control	George Litman Tel: (202) 482-0560 Email: George_Litman@ita.doc.gov

## GOLF EUROPE 2001

**OCTOBER 30 TO NOVEMBER 1, 2001  
FRANKFURT, GERMANY**

The U.S. Department of Commerce in conjunction with the American Consulate in Munich will sponsor a U.S. product sample/literature center at Golf Europe. Major product categories are of all kinds of golf equipment, apparel, accessories and other golf-related products.

In Germany, sales generated by golf equipment, clothing and accessories grew to more than \$165 million in 1999. Retail sales rose by 16.3 percent compared with 1999. The German golf market is the fastest growing and the fifth largest foreign market for U.S. golf equipment. Excellent opportunities exist for U.S. golf companies in the German and European golf markets. U.S. made golf equipment is highly regarded in the sophisticated, quality-conscious German market.

Golf Europe, held annually, is a specialized show for golf course owners/operators. At the 2000 event, there were nearly 300 exhibitors from 21 countries and a total of 5,500 strictly trade-only buyers from 47 countries. It has become recognized as a key event that fuels Europe's golf market. This is an excellent/economical opportunity to introduce new-to-export, new-to-market golf equipment companies in the industry to exporting.

Contact: Ludene Capone  
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Email: Ludene\_Capone@ita.doc.gov

## SAIE TRADE FAIR

**OCTOBER 17-21, 2001  
BOLOGNA ITALY**

The SAIE International Building Exhibition is the largest building fair in Italy and one of the top three fairs in Europe, with 1,900 exhibitors and 173,500 visitors. Investment in the Italian construction industry totaled nearly \$89 billion in 2000.

The increasing importance of SAIE corresponds to the growth of the Italian construction sector and of the importance of Italy as a market for building products. With total revenues rising by an estimated 3.3 percent, 1999 marked the end of the stagnation that had beset the Italian construction industry since 1993. This recovery benefited all market segments, with the exception of "new residential construction," which recorded a slight decrease. A more significant increase of 6.4 percent (3.4 percent in real terms) came in 2000.

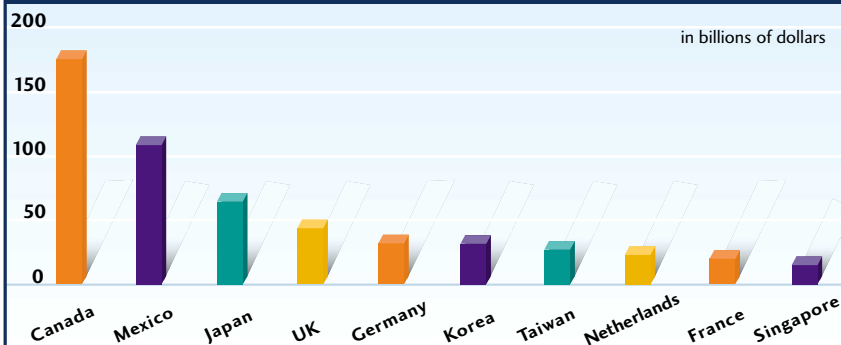
The American pavilion at Bologna's SAIE event is organized by CS Italy's offices at the U.S. Consulates in Florence and Milan and is recruited by an inter-post CS Europe Team. In 2001, the pavilion hosted six American companies, and these exhibitors reported seven distribution agreements made at the fair, covering Italy as well as Slovakia, Spain, Romania, Colombia, and Israel.

Interested companies should e-mail U.S. Commerce Department Trade Specialist Gail Snyder at gail.snyder@mail.doc.gov or CS Florence representatives at Florence.Office.Box@mail.doc.gov.

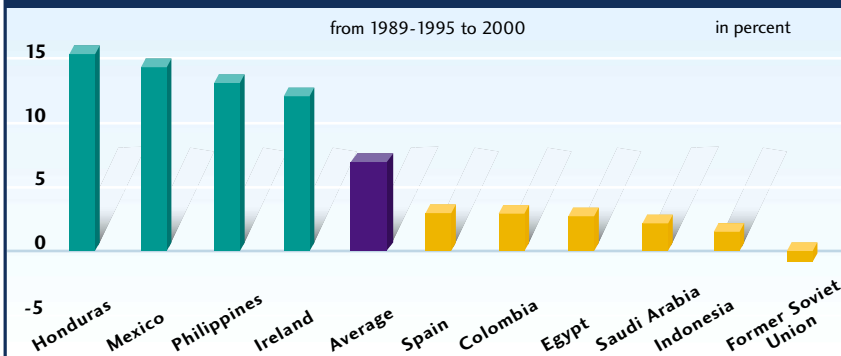
## DATA PRESENTED BY YEAR

## ALL GOODS

## LEADING MARKETS FOR U.S. EXPORTS IN 2000



## AVERAGE ANNUAL U.S. EXPORT GROWTH

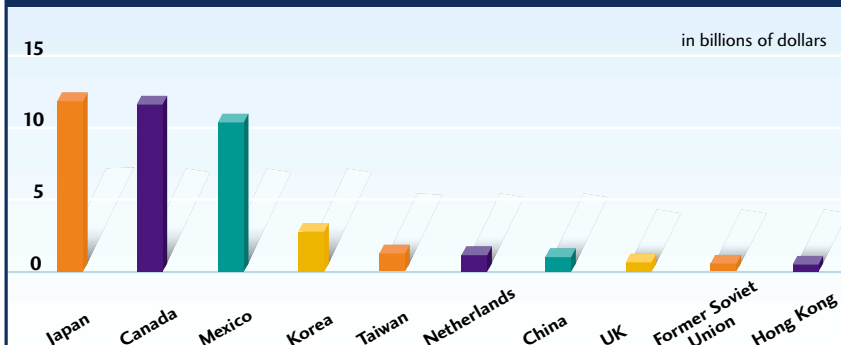


## FOOD AND ENERGY

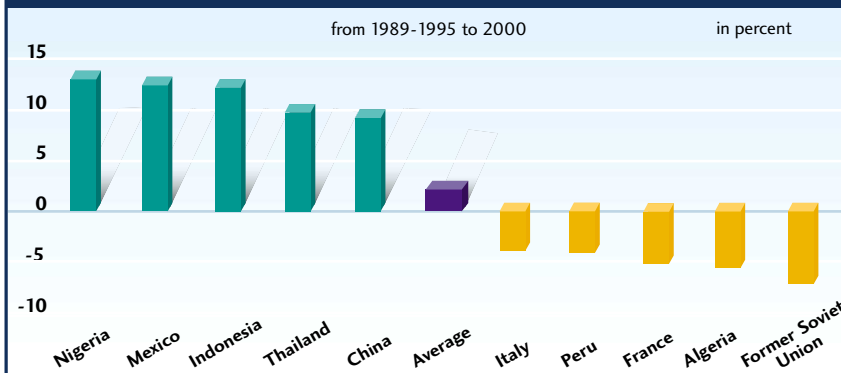
*Export America is revamping the presentation of U.S. export data here in the Insider's Corner section of the magazine.*

The monthly tracking of eight major export categories, which had been appearing every month, will still be shown about four times a year. In the other issues, we are bringing you added detail and different perspectives in the measurement of U.S. exports. For example, this issue provides national market detail, showing both the largest markets for U.S. exports and those with exceptional growth trends in years.

## LEADING MARKETS FOR U.S. EXPORTS IN 2000

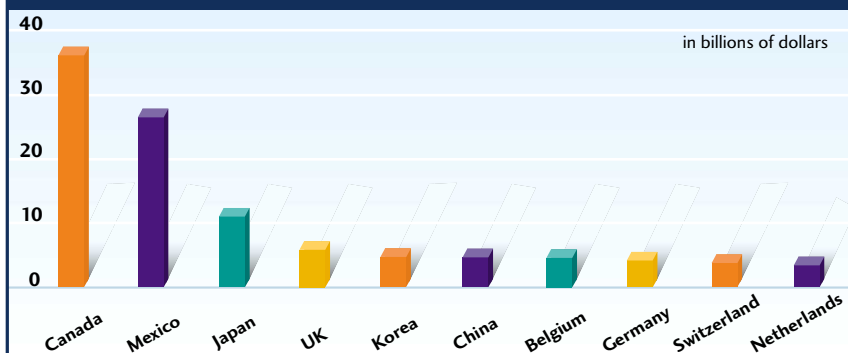


## AVERAGE ANNUAL U.S. EXPORT GROWTH

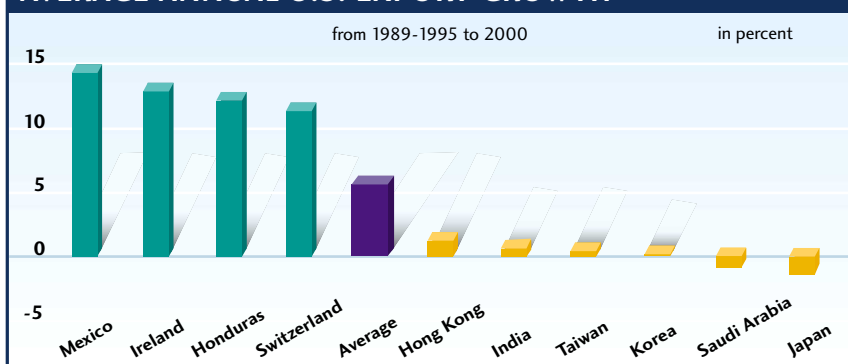




## LEADING MARKETS FOR U.S. EXPORTS IN 2000

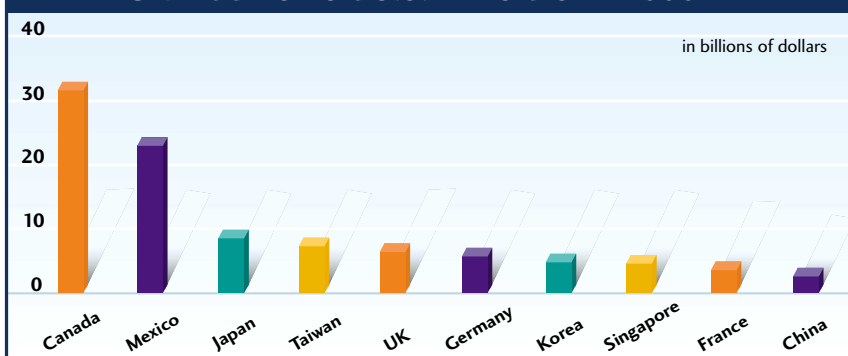


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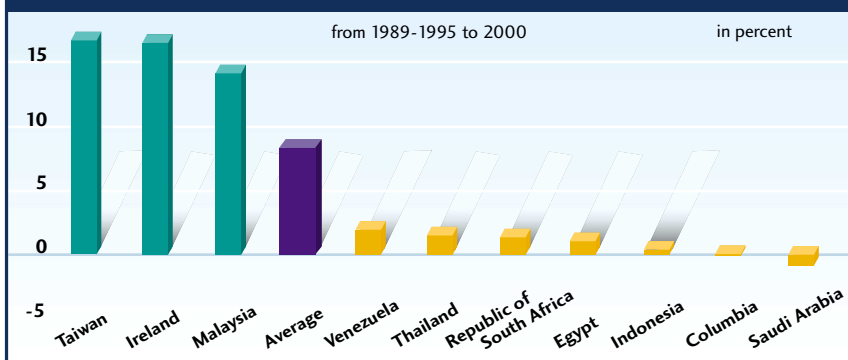


## MATERIALS

## LEADING MARKETS FOR U.S. EXPORTS IN 2000



## AVERAGE ANNUAL U.S. EXPORT GROWTH



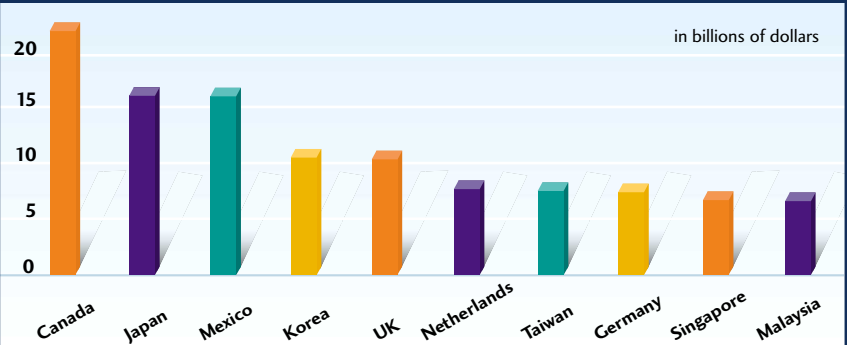
## MACHINERY

We are also introducing other refinements, some of which will only be apparent in later issues. All dollar values will be expressed as annual rates, to facilitate comparisons. Monthly data series will be smoothed by means of three-month moving averages. The services component, which up until now had included U.S. Government transactions, is limited to commercial (private) services; while this narrows the coverage slightly, the focus on commercial services is more relevant from a business perspective and also allows us to present additional detail and to better align the presentation with that for goods exports.

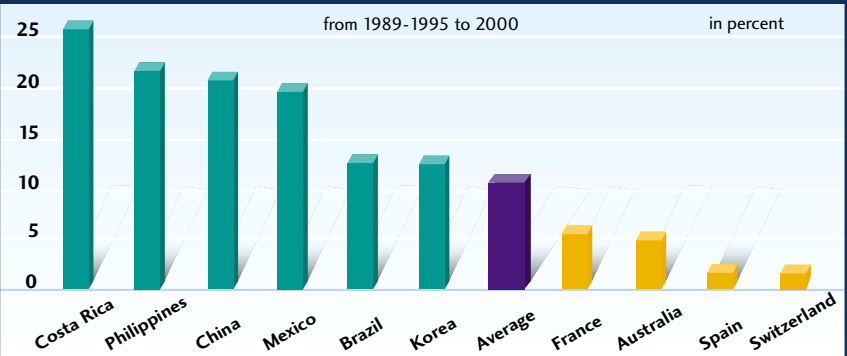
# DATA PRESENTED BY YEAR

## ELECTRONICS & INSTRUMENTS

### LEADING MARKETS FOR U.S. EXPORTS IN 2000

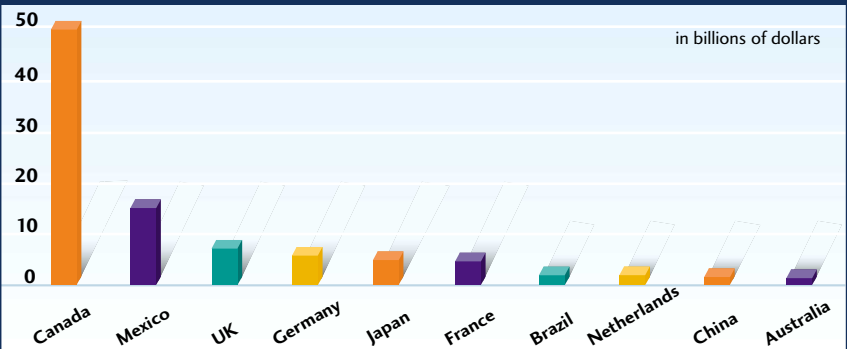


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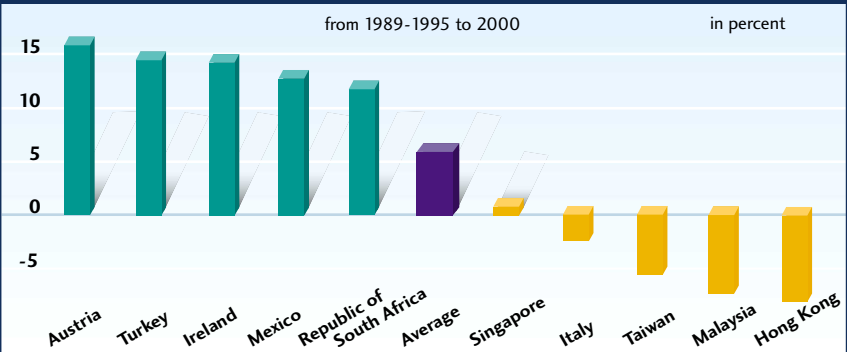


## TRANSPORTATION EQUIPMENT (CIVILIAN)

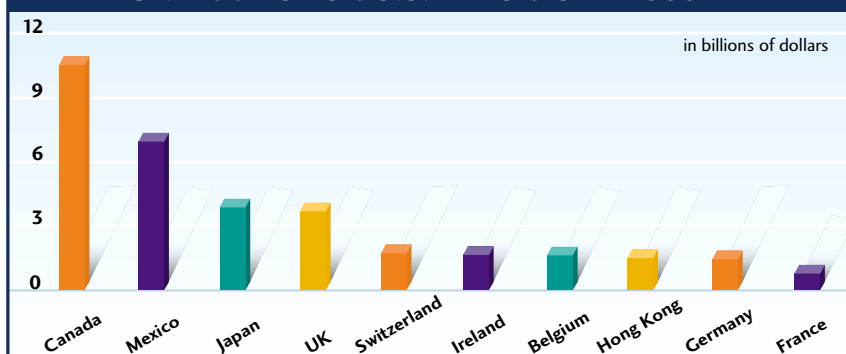
### LEADING MARKETS FOR U.S. EXPORTS IN 2000



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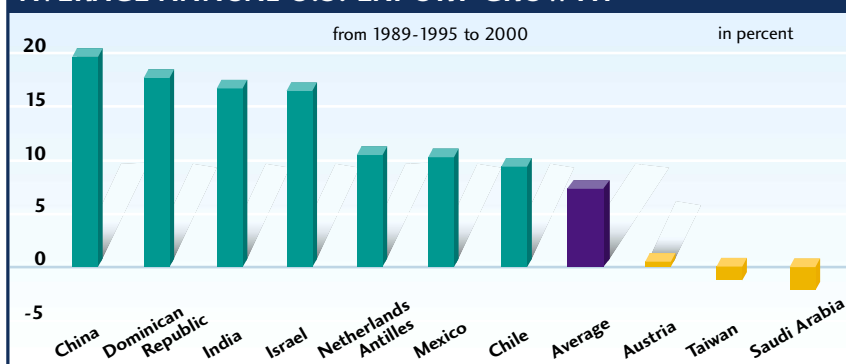


## LEADING MARKETS FOR U.S. EXPORTS IN 2000



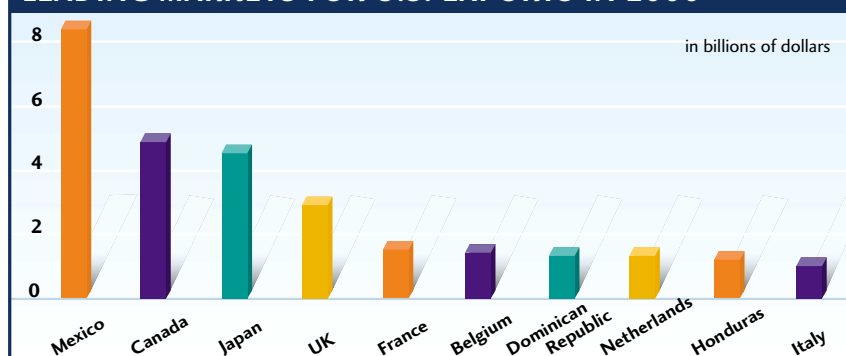
## CONSUMER DURABLES

## AVERAGE ANNUAL U.S. EXPORT GROWTH

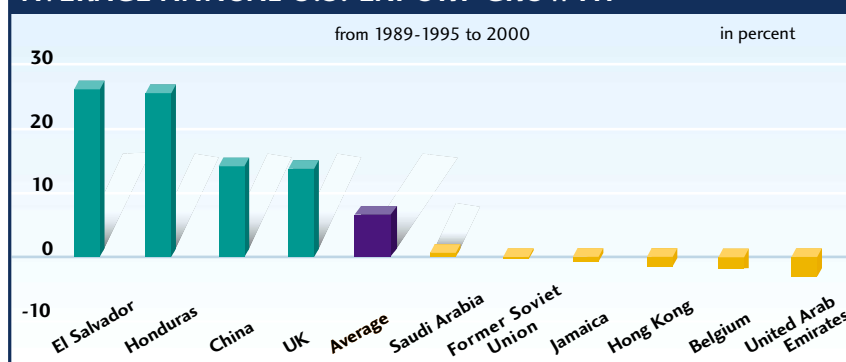


## CONSUMER NONDURABLES

## LEADING MARKETS FOR U.S. EXPORTS IN 2000



## AVERAGE ANNUAL U.S. EXPORT GROWTH



Product categories are based on end-use classification.

The "selected markets" in each growth chart are the ten for which the computed rates of growth differ most from the average for all markets.

However, markets which represent less than one quarter of one

percent of U.S. exports in 2000 are excluded.

Source: Bureau of the Census

Additional information is available from the International Trade

Administration

([www.ita.doc.gov/tradestats/](http://www.ita.doc.gov/tradestats/)),

and the Bureau of the Census

([www.census.gov/foreign-trade/www/](http://www.census.gov/foreign-trade/www/))



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